

1 AN ACT concerning public employee benefits.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Finance Authority Act is amended by
5 changing Sections 801-10, 801-40, and 805-20 as follows:

6 (20 ILCS 3501/801-10)

7 Sec. 801-10. Definitions. The following terms, whenever
8 used or referred to in this Act, shall have the following
9 meanings, except in such instances where the context may
10 clearly indicate otherwise:

11 (a) The term "Authority" means the Illinois Finance
12 Authority created by this Act.

13 (b) The term "project" means an industrial project,
14 conservation project, housing project, public purpose project,
15 higher education project, health facility project, cultural
16 institution project, municipal bond program project, PACE
17 Project, agricultural facility or agribusiness, and "project"
18 may include any combination of one or more of the foregoing
19 undertaken jointly by any person with one or more other
20 persons.

21 (c) The term "public purpose project" means (i) any project
22 or facility, including without limitation land, buildings,
23 structures, machinery, equipment and all other real and

1 personal property, which is authorized or required by law to be
2 acquired, constructed, improved, rehabilitated, reconstructed,
3 replaced or maintained by any unit of government or any other
4 lawful public purpose, including provision of working capital,
5 which is authorized or required by law to be undertaken by any
6 unit of government or (ii) costs incurred and other
7 expenditures, including expenditures for management,
8 investment, or working capital costs, incurred in connection
9 with the reform, consolidation, or implementation of the
10 transition process as described in Articles 22B and 22C of the
11 Illinois Pension Code.

12 (d) The term "industrial project" means the acquisition,
13 construction, refurbishment, creation, development or
14 redevelopment of any facility, equipment, machinery, real
15 property or personal property for use by any instrumentality of
16 the State or its political subdivisions, for use by any person
17 or institution, public or private, for profit or not for
18 profit, or for use in any trade or business, including, but not
19 limited to, any industrial, manufacturing or commercial
20 enterprise that is located within or outside the State,
21 provided that, with respect to a project involving property
22 located outside the State, the property must be owned,
23 operated, leased or managed by an entity located within the
24 State or an entity affiliated with an entity located within the
25 State, and which is (1) a capital project, including, but not
26 limited to: (i) land and any rights therein, one or more

1 buildings, structures or other improvements, machinery and
2 equipment, whether now existing or hereafter acquired, and
3 whether or not located on the same site or sites; (ii) all
4 appurtenances and facilities incidental to the foregoing,
5 including, but not limited to, utilities, access roads,
6 railroad sidings, track, docking and similar facilities,
7 parking facilities, dockage, wharfage, railroad roadbed,
8 track, trestle, depot, terminal, switching and signaling or
9 related equipment, site preparation and landscaping; and (iii)
10 all non-capital costs and expenses relating thereto or (2) any
11 addition to, renovation, rehabilitation or improvement of a
12 capital project or (3) any activity or undertaking within or
13 outside the State, provided that, with respect to a project
14 involving property located outside the State, the property must
15 be owned, operated, leased or managed by an entity located
16 within the State or an entity affiliated with an entity located
17 within the State, which the Authority determines will aid,
18 assist or encourage economic growth, development or
19 redevelopment within the State or any area thereof, will
20 promote the expansion, retention or diversification of
21 employment opportunities within the State or any area thereof
22 or will aid in stabilizing or developing any industry or
23 economic sector of the State economy. The term "industrial
24 project" also means the production of motion pictures.

25 (e) The term "bond" or "bonds" shall include bonds, notes
26 (including bond, grant or revenue anticipation notes),

1 certificates and/or other evidences of indebtedness
2 representing an obligation to pay money, including refunding
3 bonds.

4 (f) The terms "lease agreement" and "loan agreement" shall
5 mean: (i) an agreement whereby a project acquired by the
6 Authority by purchase, gift or lease is leased to any person,
7 corporation or unit of local government which will use or cause
8 the project to be used as a project as heretofore defined upon
9 terms providing for lease rental payments at least sufficient
10 to pay when due all principal of, interest and premium, if any,
11 on any bonds of the Authority issued with respect to such
12 project, providing for the maintenance, insuring and operation
13 of the project on terms satisfactory to the Authority,
14 providing for disposition of the project upon termination of
15 the lease term, including purchase options or abandonment of
16 the premises, and such other terms as may be deemed desirable
17 by the Authority, or (ii) any agreement pursuant to which the
18 Authority agrees to loan the proceeds of its bonds issued with
19 respect to a project or other funds of the Authority to any
20 person which will use or cause the project to be used as a
21 project as heretofore defined upon terms providing for loan
22 repayment installments at least sufficient to pay when due all
23 principal of, interest and premium, if any, on any bonds of the
24 Authority, if any, issued with respect to the project, and
25 providing for maintenance, insurance and other matters as may
26 be deemed desirable by the Authority.

1 (g) The term "financial aid" means the expenditure of
2 Authority funds or funds provided by the Authority through the
3 issuance of its bonds, notes or other evidences of indebtedness
4 or from other sources for the development, construction,
5 acquisition or improvement of a project.

6 (h) The term "person" means an individual, corporation,
7 unit of government, business trust, estate, trust, partnership
8 or association, 2 or more persons having a joint or common
9 interest, or any other legal entity.

10 (i) The term "unit of government" means the federal
11 government, the State or unit of local government, a school
12 district, or any agency or instrumentality, office, officer,
13 department, division, bureau, commission, college or
14 university thereof.

15 (j) The term "health facility" means: (a) any public or
16 private institution, place, building, or agency required to be
17 licensed under the Hospital Licensing Act; (b) any public or
18 private institution, place, building, or agency required to be
19 licensed under the Nursing Home Care Act, the Specialized
20 Mental Health Rehabilitation Act of 2013, the ID/DD Community
21 Care Act, or the MC/DD Act; (c) any public or licensed private
22 hospital as defined in the Mental Health and Developmental
23 Disabilities Code; (d) any such facility exempted from such
24 licensure when the Director of Public Health attests that such
25 exempted facility meets the statutory definition of a facility
26 subject to licensure; (e) any other public or private health

1 service institution, place, building, or agency which the
2 Director of Public Health attests is subject to certification
3 by the Secretary, U.S. Department of Health and Human Services
4 under the Social Security Act, as now or hereafter amended, or
5 which the Director of Public Health attests is subject to
6 standard-setting by a recognized public or voluntary
7 accrediting or standard-setting agency; (f) any public or
8 private institution, place, building or agency engaged in
9 providing one or more supporting services to a health facility;
10 (g) any public or private institution, place, building or
11 agency engaged in providing training in the healing arts,
12 including, but not limited to, schools of medicine, dentistry,
13 osteopathy, optometry, podiatry, pharmacy or nursing, schools
14 for the training of x-ray, laboratory or other health care
15 technicians and schools for the training of para-professionals
16 in the health care field; (h) any public or private congregate,
17 life or extended care or elderly housing facility or any public
18 or private home for the aged or infirm, including, without
19 limitation, any Facility as defined in the Life Care Facilities
20 Act; (i) any public or private mental, emotional or physical
21 rehabilitation facility or any public or private educational,
22 counseling, or rehabilitation facility or home, for those
23 persons with a developmental disability, those who are
24 physically ill or disabled, the emotionally disturbed, those
25 persons with a mental illness or persons with learning or
26 similar disabilities or problems; (j) any public or private

1 alcohol, drug or substance abuse diagnosis, counseling
2 treatment or rehabilitation facility, (k) any public or private
3 institution, place, building or agency licensed by the
4 Department of Children and Family Services or which is not so
5 licensed but which the Director of Children and Family Services
6 attests provides child care, child welfare or other services of
7 the type provided by facilities subject to such licensure; (l)
8 any public or private adoption agency or facility; and (m) any
9 public or private blood bank or blood center. "Health facility"
10 also means a public or private structure or structures suitable
11 primarily for use as a laboratory, laundry, nurses or interns
12 residence or other housing or hotel facility used in whole or
13 in part for staff, employees or students and their families,
14 patients or relatives of patients admitted for treatment or
15 care in a health facility, or persons conducting business with
16 a health facility, physician's facility, surgicenter,
17 administration building, research facility, maintenance,
18 storage or utility facility and all structures or facilities
19 related to any of the foregoing or required or useful for the
20 operation of a health facility, including parking or other
21 facilities or other supporting service structures required or
22 useful for the orderly conduct of such health facility. "Health
23 facility" also means, with respect to a project located outside
24 the State, any public or private institution, place, building,
25 or agency which provides services similar to those described
26 above, provided that such project is owned, operated, leased or

1 managed by a participating health institution located within
2 the State, or a participating health institution affiliated
3 with an entity located within the State.

4 (k) The term "participating health institution" means (i) a
5 private corporation or association or (ii) a public entity of
6 this State, in either case authorized by the laws of this State
7 or the applicable state to provide or operate a health facility
8 as defined in this Act and which, pursuant to the provisions of
9 this Act, undertakes the financing, construction or
10 acquisition of a project or undertakes the refunding or
11 refinancing of obligations, loans, indebtedness or advances as
12 provided in this Act.

13 (l) The term "health facility project", means a specific
14 health facility work or improvement to be financed or
15 refinanced (including without limitation through reimbursement
16 of prior expenditures), acquired, constructed, enlarged,
17 remodeled, renovated, improved, furnished, or equipped, with
18 funds provided in whole or in part hereunder, any accounts
19 receivable, working capital, liability or insurance cost or
20 operating expense financing or refinancing program of a health
21 facility with or involving funds provided in whole or in part
22 hereunder, or any combination thereof.

23 (m) The term "bond resolution" means the resolution or
24 resolutions authorizing the issuance of, or providing terms and
25 conditions related to, bonds issued under this Act and
26 includes, where appropriate, any trust agreement, trust

1 indenture, indenture of mortgage or deed of trust providing
2 terms and conditions for such bonds.

3 (n) The term "property" means any real, personal or mixed
4 property, whether tangible or intangible, or any interest
5 therein, including, without limitation, any real estate,
6 leasehold interests, appurtenances, buildings, easements,
7 equipment, furnishings, furniture, improvements, machinery,
8 rights of way, structures, accounts, contract rights or any
9 interest therein.

10 (o) The term "revenues" means, with respect to any project,
11 the rents, fees, charges, interest, principal repayments,
12 collections and other income or profit derived therefrom.

13 (p) The term "higher education project" means, in the case
14 of a private institution of higher education, an educational
15 facility to be acquired, constructed, enlarged, remodeled,
16 renovated, improved, furnished, or equipped, or any
17 combination thereof.

18 (q) The term "cultural institution project" means, in the
19 case of a cultural institution, a cultural facility to be
20 acquired, constructed, enlarged, remodeled, renovated,
21 improved, furnished, or equipped, or any combination thereof.

22 (r) The term "educational facility" means any property
23 located within the State, or any property located outside the
24 State, provided that, if the property is located outside the
25 State, it must be owned, operated, leased or managed by an
26 entity located within the State or an entity affiliated with an

1 entity located within the State, in each case constructed or
2 acquired before or after the effective date of this Act, which
3 is or will be, in whole or in part, suitable for the
4 instruction, feeding, recreation or housing of students, the
5 conducting of research or other work of a private institution
6 of higher education, the use by a private institution of higher
7 education in connection with any educational, research or
8 related or incidental activities then being or to be conducted
9 by it, or any combination of the foregoing, including, without
10 limitation, any such property suitable for use as or in
11 connection with any one or more of the following: an academic
12 facility, administrative facility, agricultural facility,
13 assembly hall, athletic facility, auditorium, boating
14 facility, campus, communication facility, computer facility,
15 continuing education facility, classroom, dining hall,
16 dormitory, exhibition hall, fire fighting facility, fire
17 prevention facility, food service and preparation facility,
18 gymnasium, greenhouse, health care facility, hospital,
19 housing, instructional facility, laboratory, library,
20 maintenance facility, medical facility, museum, offices,
21 parking area, physical education facility, recreational
22 facility, research facility, stadium, storage facility,
23 student union, study facility, theatre or utility.

24 (s) The term "cultural facility" means any property located
25 within the State, or any property located outside the State,
26 provided that, if the property is located outside the State, it

1 must be owned, operated, leased or managed by an entity located
2 within the State or an entity affiliated with an entity located
3 within the State, in each case constructed or acquired before
4 or after the effective date of this Act, which is or will be,
5 in whole or in part, suitable for the particular purposes or
6 needs of a cultural institution, including, without
7 limitation, any such property suitable for use as or in
8 connection with any one or more of the following: an
9 administrative facility, aquarium, assembly hall, auditorium,
10 botanical garden, exhibition hall, gallery, greenhouse,
11 library, museum, scientific laboratory, theater or zoological
12 facility, and shall also include, without limitation, books,
13 works of art or music, animal, plant or aquatic life or other
14 items for display, exhibition or performance. The term
15 "cultural facility" includes buildings on the National
16 Register of Historic Places which are owned or operated by
17 nonprofit entities.

18 (t) "Private institution of higher education" means a
19 not-for-profit educational institution which is not owned by
20 the State or any political subdivision, agency,
21 instrumentality, district or municipality thereof, which is
22 authorized by law to provide a program of education beyond the
23 high school level and which:

24 (1) Admits as regular students only individuals having
25 a certificate of graduation from a high school, or the
26 recognized equivalent of such a certificate;

1 (2) Provides an educational program for which it awards
2 a bachelor's degree, or provides an educational program,
3 admission into which is conditioned upon the prior
4 attainment of a bachelor's degree or its equivalent, for
5 which it awards a postgraduate degree, or provides not less
6 than a 2-year program which is acceptable for full credit
7 toward such a degree, or offers a 2-year program in
8 engineering, mathematics, or the physical or biological
9 sciences which is designed to prepare the student to work
10 as a technician and at a semiprofessional level in
11 engineering, scientific, or other technological fields
12 which require the understanding and application of basic
13 engineering, scientific, or mathematical principles or
14 knowledge;

15 (3) Is accredited by a nationally recognized
16 accrediting agency or association or, if not so accredited,
17 is an institution whose credits are accepted, on transfer,
18 by not less than 3 institutions which are so accredited,
19 for credit on the same basis as if transferred from an
20 institution so accredited, and holds an unrevoked
21 certificate of approval under the Private College Act from
22 the Board of Higher Education, or is qualified as a "degree
23 granting institution" under the Academic Degree Act; and

24 (4) Does not discriminate in the admission of students
25 on the basis of race or color. "Private institution of
26 higher education" also includes any "academic

1 institution".

2 (u) The term "academic institution" means any
3 not-for-profit institution which is not owned by the State or
4 any political subdivision, agency, instrumentality, district
5 or municipality thereof, which institution engages in, or
6 facilitates academic, scientific, educational or professional
7 research or learning in a field or fields of study taught at a
8 private institution of higher education. Academic institutions
9 include, without limitation, libraries, archives, academic,
10 scientific, educational or professional societies,
11 institutions, associations or foundations having such
12 purposes.

13 (v) The term "cultural institution" means any
14 not-for-profit institution which is not owned by the State or
15 any political subdivision, agency, instrumentality, district
16 or municipality thereof, which institution engages in the
17 cultural, intellectual, scientific, educational or artistic
18 enrichment of the people of the State. Cultural institutions
19 include, without limitation, aquaria, botanical societies,
20 historical societies, libraries, museums, performing arts
21 associations or societies, scientific societies and zoological
22 societies.

23 (w) The term "affiliate" means, with respect to financing
24 of an agricultural facility or an agribusiness, any lender, any
25 person, firm or corporation controlled by, or under common
26 control with, such lender, and any person, firm or corporation

1 controlling such lender.

2 (x) The term "agricultural facility" means land, any
3 building or other improvement thereon or thereto, and any
4 personal properties deemed necessary or suitable for use,
5 whether or not now in existence, in farming, ranching, the
6 production of agricultural commodities (including, without
7 limitation, the products of aquaculture, hydroponics and
8 silviculture) or the treating, processing or storing of such
9 agricultural commodities when such activities are customarily
10 engaged in by farmers as a part of farming and which land,
11 building, improvement or personal property is located within
12 the State, or is located outside the State, provided that, if
13 such property is located outside the State, it must be owned,
14 operated, leased, or managed by an entity located within the
15 State or an entity affiliated with an entity located within the
16 State.

17 (y) The term "lender" with respect to financing of an
18 agricultural facility or an agribusiness, means any federal or
19 State chartered bank, Federal Land Bank, Production Credit
20 Association, Bank for Cooperatives, federal or State chartered
21 savings and loan association or building and loan association,
22 Small Business Investment Company or any other institution
23 qualified within this State to originate and service loans,
24 including, but without limitation to, insurance companies,
25 credit unions and mortgage loan companies. "Lender" also means
26 a wholly owned subsidiary of a manufacturer, seller or

1 distributor of goods or services that makes loans to businesses
2 or individuals, commonly known as a "captive finance company".

3 (z) The term "agribusiness" means any sole proprietorship,
4 limited partnership, co-partnership, joint venture,
5 corporation or cooperative which operates or will operate a
6 facility located within the State or outside the State,
7 provided that, if any facility is located outside the State, it
8 must be owned, operated, leased, or managed by an entity
9 located within the State or an entity affiliated with an entity
10 located within the State, that is related to the processing of
11 agricultural commodities (including, without limitation, the
12 products of aquaculture, hydroponics and silviculture) or the
13 manufacturing, production or construction of agricultural
14 buildings, structures, equipment, implements, and supplies, or
15 any other facilities or processes used in agricultural
16 production. Agribusiness includes but is not limited to the
17 following:

18 (1) grain handling and processing, including grain
19 storage, drying, treatment, conditioning, mailing and
20 packaging;

21 (2) seed and feed grain development and processing;

22 (3) fruit and vegetable processing, including
23 preparation, canning and packaging;

24 (4) processing of livestock and livestock products,
25 dairy products, poultry and poultry products, fish or
26 apiarian products, including slaughter, shearing,

1 collecting, preparation, canning and packaging;

2 (5) fertilizer and agricultural chemical
3 manufacturing, processing, application and supplying;

4 (6) farm machinery, equipment and implement
5 manufacturing and supplying;

6 (7) manufacturing and supplying of agricultural
7 commodity processing machinery and equipment, including
8 machinery and equipment used in slaughter, treatment,
9 handling, collecting, preparation, canning or packaging of
10 agricultural commodities;

11 (8) farm building and farm structure manufacturing,
12 construction and supplying;

13 (9) construction, manufacturing, implementation,
14 supplying or servicing of irrigation, drainage and soil and
15 water conservation devices or equipment;

16 (10) fuel processing and development facilities that
17 produce fuel from agricultural commodities or byproducts;

18 (11) facilities and equipment for processing and
19 packaging agricultural commodities specifically for
20 export;

21 (12) facilities and equipment for forestry product
22 processing and supplying, including sawmilling operations,
23 wood chip operations, timber harvesting operations, and
24 manufacturing of prefabricated buildings, paper, furniture
25 or other goods from forestry products;

26 (13) facilities and equipment for research and

1 development of products, processes and equipment for the
2 production, processing, preparation or packaging of
3 agricultural commodities and byproducts.

4 (aa) The term "asset" with respect to financing of any
5 agricultural facility or any agribusiness, means, but is not
6 limited to the following: cash crops or feed on hand; livestock
7 held for sale; breeding stock; marketable bonds and securities;
8 securities not readily marketable; accounts receivable; notes
9 receivable; cash invested in growing crops; net cash value of
10 life insurance; machinery and equipment; cars and trucks; farm
11 and other real estate including life estates and personal
12 residence; value of beneficial interests in trusts; government
13 payments or grants; and any other assets.

14 (bb) The term "liability" with respect to financing of any
15 agricultural facility or any agribusiness shall include, but
16 not be limited to the following: accounts payable; notes or
17 other indebtedness owed to any source; taxes; rent; amounts
18 owed on real estate contracts or real estate mortgages;
19 judgments; accrued interest payable; and any other liability.

20 (cc) The term "Predecessor Authorities" means those
21 authorities as described in Section 845-75.

22 (dd) The term "housing project" means a specific work or
23 improvement located within the State or outside the State and
24 undertaken to provide residential dwelling accommodations,
25 including the acquisition, construction or rehabilitation of
26 lands, buildings and community facilities and in connection

1 therewith to provide nonhousing facilities which are part of
2 the housing project, including land, buildings, improvements,
3 equipment and all ancillary facilities for use for offices,
4 stores, retirement homes, hotels, financial institutions,
5 service, health care, education, recreation or research
6 establishments, or any other commercial purpose which are or
7 are to be related to a housing development, provided that any
8 work or improvement located outside the State is owned,
9 operated, leased or managed by an entity located within the
10 State, or any entity affiliated with an entity located within
11 the State.

12 (ee) The term "conservation project" means any project
13 including the acquisition, construction, rehabilitation,
14 maintenance, operation, or upgrade that is intended to create
15 or expand open space or to reduce energy usage through
16 efficiency measures. For the purpose of this definition, "open
17 space" has the definition set forth under Section 10 of the
18 Illinois Open Land Trust Act.

19 (ff) The term "significant presence" means the existence
20 within the State of the national or regional headquarters of an
21 entity or group or such other facility of an entity or group of
22 entities where a significant amount of the business functions
23 are performed for such entity or group of entities.

24 (gg) The term "municipal bond issuer" means the State or
25 any other state or commonwealth of the United States, or any
26 unit of local government, school district, agency or

1 instrumentality, office, department, division, bureau,
2 commission, college or university thereof located in the State
3 or any other state or commonwealth of the United States.

4 (hh) The term "municipal bond program project" means a
5 program for the funding of the purchase of bonds, notes or
6 other obligations issued by or on behalf of a municipal bond
7 issuer.

8 (ii) The term "participating lender" means any trust
9 company, bank, savings bank, credit union, merchant bank,
10 investment bank, broker, investment trust, pension fund,
11 building and loan association, savings and loan association,
12 insurance company, venture capital company, or other
13 institution approved by the Authority which provides a portion
14 of the financing for a project.

15 (jj) The term "loan participation" means any loan in which
16 the Authority co-operates with a participating lender to
17 provide all or a portion of the financing for a project.

18 (kk) The term "PACE Project" means an energy project as
19 defined in Section 5 of the Property Assessed Clean Energy Act.
20 (Source: P.A. 99-180, eff. 7-29-15; 100-919, eff. 8-17-18.)

21 (20 ILCS 3501/801-40)

22 Sec. 801-40. In addition to the powers otherwise authorized
23 by law and in addition to the foregoing general corporate
24 powers, the Authority shall also have the following additional
25 specific powers to be exercised in furtherance of the purposes

1 of this Act.

2 (a) The Authority shall have power (i) to accept grants,
3 loans or appropriations from the federal government or the
4 State, or any agency or instrumentality thereof, to be used for
5 the operating expenses of the Authority, or for any purposes of
6 the Authority, including the making of direct loans of such
7 funds with respect to projects, and (ii) to enter into any
8 agreement with the federal government or the State, or any
9 agency or instrumentality thereof, in relationship to such
10 grants, loans or appropriations.

11 (b) The Authority shall have power to procure and enter
12 into contracts for any type of insurance and indemnity
13 agreements covering loss or damage to property from any cause,
14 including loss of use and occupancy, or covering any other
15 insurable risk.

16 (c) The Authority shall have the continuing power to issue
17 bonds for its corporate purposes. Bonds may be issued by the
18 Authority in one or more series and may provide for the payment
19 of any interest deemed necessary on such bonds, of the costs of
20 issuance of such bonds, of any premium on any insurance, or of
21 the cost of any guarantees, letters of credit or other similar
22 documents, may provide for the funding of the reserves deemed
23 necessary in connection with such bonds, and may provide for
24 the refunding or advance refunding of any bonds or for accounts
25 deemed necessary in connection with any purpose of the
26 Authority. The bonds may bear interest payable at any time or

1 times and at any rate or rates, notwithstanding any other
2 provision of law to the contrary, and such rate or rates may be
3 established by an index or formula which may be implemented or
4 established by persons appointed or retained therefor by the
5 Authority, or may bear no interest or may bear interest payable
6 at maturity or upon redemption prior to maturity, may bear such
7 date or dates, may be payable at such time or times and at such
8 place or places, may mature at any time or times not later than
9 40 years from the date of issuance, may be sold at public or
10 private sale at such time or times and at such price or prices,
11 may be secured by such pledges, reserves, guarantees, letters
12 of credit, insurance contracts or other similar credit support
13 or liquidity instruments, may be executed in such manner, may
14 be subject to redemption prior to maturity, may provide for the
15 registration of the bonds, and may be subject to such other
16 terms and conditions all as may be provided by the resolution
17 or indenture authorizing the issuance of such bonds. The holder
18 or holders of any bonds issued by the Authority may bring suits
19 at law or proceedings in equity to compel the performance and
20 observance by any person or by the Authority or any of its
21 agents or employees of any contract or covenant made with the
22 holders of such bonds and to compel such person or the
23 Authority and any of its agents or employees to perform any
24 duties required to be performed for the benefit of the holders
25 of any such bonds by the provision of the resolution
26 authorizing their issuance, and to enjoin such person or the

1 Authority and any of its agents or employees from taking any
2 action in conflict with any such contract or covenant.
3 Notwithstanding the form and tenor of any such bonds and in the
4 absence of any express recital on the face thereof that it is
5 non-negotiable, all such bonds shall be negotiable
6 instruments. Pending the preparation and execution of any such
7 bonds, temporary bonds may be issued as provided by the
8 resolution. The bonds shall be sold by the Authority in such
9 manner as it shall determine. The bonds may be secured as
10 provided in the authorizing resolution by the receipts,
11 revenues, income and other available funds of the Authority and
12 by any amounts derived by the Authority from the loan agreement
13 or lease agreement with respect to the project or projects; and
14 bonds may be issued as general obligations of the Authority
15 payable from such revenues, funds and obligations of the
16 Authority as the bond resolution shall provide, or may be
17 issued as limited obligations with a claim for payment solely
18 from such revenues, funds and obligations as the bond
19 resolution shall provide. The Authority may grant a specific
20 pledge or assignment of and lien on or security interest in
21 such rights, revenues, income, or amounts and may grant a
22 specific pledge or assignment of and lien on or security
23 interest in any reserves, funds or accounts established in the
24 resolution authorizing the issuance of bonds. Any such pledge,
25 assignment, lien or security interest for the benefit of the
26 holders of the Authority's bonds shall be valid and binding

1 from the time the bonds are issued without any physical
2 delivery or further act, and shall be valid and binding as
3 against and prior to the claims of all other parties having
4 claims against the Authority or any other person irrespective
5 of whether the other parties have notice of the pledge,
6 assignment, lien or security interest. As evidence of such
7 pledge, assignment, lien and security interest, the Authority
8 may execute and deliver a mortgage, trust agreement, indenture
9 or security agreement or an assignment thereof. A remedy for
10 any breach or default of the terms of any such agreement by the
11 Authority may be by mandamus proceedings in any court of
12 competent jurisdiction to compel the performance and
13 compliance therewith, but the agreement may prescribe by whom
14 or on whose behalf such action may be instituted. It is
15 expressly understood that the Authority may, but need not,
16 acquire title to any project with respect to which it exercises
17 its authority.

18 (d) With respect to the powers granted by this Act, the
19 Authority may adopt rules and regulations prescribing the
20 procedures by which persons may apply for assistance under this
21 Act. Nothing herein shall be deemed to preclude the Authority,
22 prior to the filing of any formal application, from conducting
23 preliminary discussions and investigations with respect to the
24 subject matter of any prospective application.

25 (e) The Authority shall have power to acquire by purchase,
26 lease, gift or otherwise any property or rights therein from

1 any person useful for its purposes, whether improved for the
2 purposes of any prospective project, or unimproved. The
3 Authority may also accept any donation of funds for its
4 purposes from any such source. The Authority shall have no
5 independent power of condemnation but may acquire any property
6 or rights therein obtained upon condemnation by any other
7 authority, governmental entity or unit of local government with
8 such power.

9 (f) The Authority shall have power to develop, construct
10 and improve either under its own direction, or through
11 collaboration with any approved applicant, or to acquire
12 through purchase or otherwise, any project, using for such
13 purpose the proceeds derived from the sale of its bonds or from
14 governmental loans or grants, and to hold title in the name of
15 the Authority to such projects.

16 (g) The Authority shall have power to lease pursuant to a
17 lease agreement any project so developed and constructed or
18 acquired to the approved tenant on such terms and conditions as
19 may be appropriate to further the purposes of this Act and to
20 maintain the credit of the Authority. Any such lease may
21 provide for either the Authority or the approved tenant to
22 assume initially, in whole or in part, the costs of
23 maintenance, repair and improvements during the leasehold
24 period. In no case, however, shall the total rentals from any
25 project during any initial leasehold period or the total loan
26 repayments to be made pursuant to any loan agreement, be less

1 than an amount necessary to return over such lease or loan
2 period (1) all costs incurred in connection with the
3 development, construction, acquisition or improvement of the
4 project and for repair, maintenance and improvements thereto
5 during the period of the lease or loan; provided, however, that
6 the rentals or loan repayments need not include costs met
7 through the use of funds other than those obtained by the
8 Authority through the issuance of its bonds or governmental
9 loans; (2) a reasonable percentage additive to be agreed upon
10 by the Authority and the borrower or tenant to cover a properly
11 allocable portion of the Authority's general expenses,
12 including, but not limited to, administrative expenses,
13 salaries and general insurance, and (3) an amount sufficient to
14 pay when due all principal of, interest and premium, if any on,
15 any bonds issued by the Authority with respect to the project.
16 The portion of total rentals payable under clause (3) of this
17 subsection (g) shall be deposited in such special accounts,
18 including all sinking funds, acquisition or construction
19 funds, debt service and other funds as provided by any
20 resolution, mortgage or trust agreement of the Authority
21 pursuant to which any bond is issued.

22 (h) The Authority has the power, upon the termination of
23 any leasehold period of any project, to sell or lease for a
24 further term or terms such project on such terms and conditions
25 as the Authority shall deem reasonable and consistent with the
26 purposes of the Act. The net proceeds from all such sales and

1 the revenues or income from such leases shall be used to
2 satisfy any indebtedness of the Authority with respect to such
3 project and any balance may be used to pay any expenses of the
4 Authority or be used for the further development, construction,
5 acquisition or improvement of projects. In the event any
6 project is vacated by a tenant prior to the termination of the
7 initial leasehold period, the Authority shall sell or lease the
8 facilities of the project on the most advantageous terms
9 available. The net proceeds of any such disposition shall be
10 treated in the same manner as the proceeds from sales or the
11 revenues or income from leases subsequent to the termination of
12 any initial leasehold period.

13 (i) The Authority shall have the power to make loans, or to
14 purchase loan participations in loans made, to persons to
15 finance a project, to enter into loan agreements or agreements
16 with participating lenders with respect thereto, and to accept
17 guarantees from persons of its loans or the resultant evidences
18 of obligations of the Authority.

19 (j) The Authority may fix, determine, charge and collect
20 any premiums, fees, charges, costs and expenses, including,
21 without limitation, any application fees, commitment fees,
22 program fees, financing charges or publication fees from any
23 person in connection with its activities under this Act.

24 (k) In addition to the funds established as provided
25 herein, the Authority shall have the power to create and
26 establish such reserve funds and accounts as may be necessary

1 or desirable to accomplish its purposes under this Act and to
2 deposit its available monies into the funds and accounts.

3 (1) At the request of the governing body of any unit of
4 local government, the Authority is authorized to market such
5 local government's revenue bond offerings by preparing bond
6 issues for sale, advertising for sealed bids, receiving bids at
7 its offices, making the award to the bidder that offers the
8 most favorable terms or arranging for negotiated placements or
9 underwritings of such securities. The Authority may, at its
10 discretion, offer for concurrent sale the revenue bonds of
11 several local governments. Sales by the Authority of revenue
12 bonds under this Section shall in no way imply State guarantee
13 of such debt issue. The Authority may require such financial
14 information from participating local governments as it deems
15 necessary in order to carry out the purposes of this subsection
16 (1).

17 (m) The Authority may make grants to any county to which
18 Division 5-37 of the Counties Code is applicable to assist in
19 the financing of capital development, construction and
20 renovation of new or existing facilities for hospitals and
21 health care facilities under that Act. Such grants may only be
22 made from funds appropriated for such purposes from the Build
23 Illinois Bond Fund.

24 (n) The Authority may establish an urban development action
25 grant program for the purpose of assisting municipalities in
26 Illinois which are experiencing severe economic distress to

1 help stimulate economic development activities needed to aid in
2 economic recovery. The Authority shall determine the types of
3 activities and projects for which the urban development action
4 grants may be used, provided that such projects and activities
5 are broadly defined to include all reasonable projects and
6 activities the primary objectives of which are the development
7 of viable urban communities, including decent housing and a
8 suitable living environment, and expansion of economic
9 opportunity, principally for persons of low and moderate
10 incomes. The Authority shall enter into grant agreements from
11 monies appropriated for such purposes from the Build Illinois
12 Bond Fund. The Authority shall monitor the use of the grants,
13 and shall provide for audits of the funds as well as recovery
14 by the Authority of any funds determined to have been spent in
15 violation of this subsection (n) or any rule or regulation
16 promulgated hereunder. The Authority shall provide technical
17 assistance with regard to the effective use of the urban
18 development action grants. The Authority shall file an annual
19 report to the General Assembly concerning the progress of the
20 grant program.

21 (o) The Authority may establish a Housing Partnership
22 Program whereby the Authority provides zero-interest loans to
23 municipalities for the purpose of assisting in the financing of
24 projects for the rehabilitation of affordable multi-family
25 housing for low and moderate income residents. The Authority
26 may provide such loans only upon a municipality's providing

1 evidence that it has obtained private funding for the
2 rehabilitation project. The Authority shall provide 3 State
3 dollars for every 7 dollars obtained by the municipality from
4 sources other than the State of Illinois. The loans shall be
5 made from monies appropriated for such purpose from the Build
6 Illinois Bond Fund. The total amount of loans available under
7 the Housing Partnership Program shall not exceed \$30,000,000.
8 State loan monies under this subsection shall be used only for
9 the acquisition and rehabilitation of existing buildings
10 containing 4 or more dwelling units. The terms of any loan made
11 by the municipality under this subsection shall require
12 repayment of the loan to the municipality upon any sale or
13 other transfer of the project. In addition, the Authority may
14 use any moneys appropriated for such purpose from the Build
15 Illinois Bond Fund, including funds loaned under this
16 subsection and repaid as principal or interest, and investment
17 income on such funds, to make the loans authorized by
18 subsection (z), without regard to any restrictions or
19 limitations provided in this subsection.

20 (p) The Authority may award grants to universities and
21 research institutions, research consortiums and other
22 not-for-profit entities for the purposes of: remodeling or
23 otherwise physically altering existing laboratory or research
24 facilities, expansion or physical additions to existing
25 laboratory or research facilities, construction of new
26 laboratory or research facilities or acquisition of modern

1 equipment to support laboratory or research operations
2 provided that such grants (i) be used solely in support of
3 project and equipment acquisitions which enhance technology
4 transfer, and (ii) not constitute more than 60 percent of the
5 total project or acquisition cost.

6 (q) Grants may be awarded by the Authority to units of
7 local government for the purpose of developing the appropriate
8 infrastructure or defraying other costs to the local government
9 in support of laboratory or research facilities provided that
10 such grants may not exceed 40% of the cost to the unit of local
11 government.

12 (r) In addition to the powers granted to the Authority
13 under subsection (i), and in all cases supplemental to it, the
14 Authority may establish a direct loan program to make loans to,
15 or may purchase participations in loans made by participating
16 lenders to, individuals, partnerships, corporations, or other
17 business entities for the purpose of financing an industrial
18 project, as defined in Section 801-10 of this Act. For the
19 purposes of such program and not by way of limitation on any
20 other program of the Authority, including, without limitation,
21 programs established under subsection (i), the Authority shall
22 have the power to issue bonds, notes, or other evidences of
23 indebtedness including commercial paper for purposes of
24 providing a fund of capital from which it may make such loans.
25 The Authority shall have the power to use any appropriations
26 from the State made especially for the Authority's direct loan

1 program, or moneys at any time held by the Authority under this
2 Act outside the State treasury in the custody of either the
3 Treasurer of the Authority or a trustee or depository appointed
4 by the Authority, for additional capital to make such loans or
5 purchase such loan participations, or for the purposes of
6 reserve funds or pledged funds which secure the Authority's
7 obligations of repayment of any bond, note or other form of
8 indebtedness established for the purpose of providing capital
9 for which it intends to make such loans or purchase such loan
10 participations. For the purpose of obtaining such capital, the
11 Authority may also enter into agreements with financial
12 institutions, participating lenders, and other persons for the
13 purpose of administering a loan participation program, selling
14 loans or developing a secondary market for such loans or loan
15 participations. Loans made under the direct loan program
16 specifically established under this subsection (r), including
17 loans under such program made by participating lenders in which
18 the Authority purchases a participation, may be in an amount
19 not to exceed \$600,000 and shall be made for a portion of an
20 industrial project which does not exceed 50% of the total
21 project. No loan may be made by the Authority unless approved
22 by the affirmative vote of at least 8 members of the board. The
23 Authority shall establish procedures and publish rules which
24 shall provide for the submission, review, and analysis of each
25 direct loan and loan participation application and which shall
26 preserve the ability of each board member and the Executive

1 Director, as applicable, to reach an individual business
2 judgment regarding the propriety of each direct loan or loan
3 participation. The collective discretion of the board to
4 approve or disapprove each loan shall be unencumbered. The
5 Authority may establish and collect such fees and charges,
6 determine and enforce such terms and conditions, and charge
7 such interest rates as it determines to be necessary and
8 appropriate to the successful administration of the direct loan
9 program, including purchasing loan participations. The
10 Authority may require such interests in collateral and such
11 guarantees as it determines are necessary to protect the
12 Authority's interest in the repayment of the principal and
13 interest of each loan and loan participation made under the
14 direct loan program. The restrictions established under this
15 subsection (r) shall not be applicable to any loan or loan
16 participation made under subsection (i) or to any loan or loan
17 participation made under any other Section of this Act.

18 (s) The Authority may guarantee private loans to third
19 parties up to a specified dollar amount in order to promote
20 economic development in this State.

21 (t) The Authority may adopt rules and regulations as may be
22 necessary or advisable to implement the powers conferred by
23 this Act.

24 (u) The Authority shall have the power to issue bonds,
25 notes or other evidences of indebtedness, which may be used to
26 make loans to units of local government which are authorized to

1 enter into loan agreements and other documents and to issue
2 bonds, notes and other evidences of indebtedness for the
3 purpose of financing the protection of storm sewer outfalls,
4 the construction of adequate storm sewer outfalls, and the
5 provision for flood protection of sanitary sewage treatment
6 plans, in counties that have established a stormwater
7 management planning committee in accordance with Section
8 5-1062 of the Counties Code. Any such loan shall be made by the
9 Authority pursuant to the provisions of Section 820-5 to 820-60
10 of this Act. The unit of local government shall pay back to the
11 Authority the principal amount of the loan, plus annual
12 interest as determined by the Authority. The Authority shall
13 have the power, subject to appropriations by the General
14 Assembly, to subsidize or buy down a portion of the interest on
15 such loans, up to 4% per annum.

16 (v) The Authority may accept security interests as provided
17 in Sections 11-3 and 11-3.3 of the Illinois Public Aid Code.

18 (w) Moral Obligation. In the event that the Authority
19 determines that monies of the Authority will not be sufficient
20 for the payment of the principal of and interest on its bonds
21 during the next State fiscal year, the Chairperson, as soon as
22 practicable, shall certify to the Governor the amount required
23 by the Authority to enable it to pay such principal of and
24 interest on the bonds. The Governor shall submit the amount so
25 certified to the General Assembly as soon as practicable, but
26 no later than the end of the current State fiscal year. This

1 subsection shall apply only to any bonds or notes as to which
2 the Authority shall have determined, in the resolution
3 authorizing the issuance of the bonds or notes, that this
4 subsection shall apply. Whenever the Authority makes such a
5 determination, that fact shall be plainly stated on the face of
6 the bonds or notes and that fact shall also be reported to the
7 Governor. In the event of a withdrawal of moneys from a reserve
8 fund established with respect to any issue or issues of bonds
9 of the Authority to pay principal or interest on those bonds,
10 the Chairperson of the Authority, as soon as practicable, shall
11 certify to the Governor the amount required to restore the
12 reserve fund to the level required in the resolution or
13 indenture securing those bonds. The Governor shall submit the
14 amount so certified to the General Assembly as soon as
15 practicable, but no later than the end of the current State
16 fiscal year. The Authority shall obtain written approval from
17 the Governor for any bonds and notes to be issued under this
18 Section. In addition to any other bonds authorized to be issued
19 under Sections 825-60, 825-65(e), 830-25 and 845-5, the
20 principal amount of Authority bonds outstanding issued under
21 this Section 801-40(w) or under 20 ILCS 3850/1-80 or 30 ILCS
22 360/2-6(c), which have been assumed by the Authority, shall not
23 exceed \$150,000,000. This subsection (w) shall in no way be
24 applied to any bonds issued by the Authority on behalf of the
25 Illinois Power Agency under Section 825-90 of this Act.

26 (x) The Authority may enter into agreements or contracts

1 with any person necessary or appropriate to place the payment
2 obligations of the Authority under any of its bonds in whole or
3 in part on any interest rate basis, cash flow basis, or other
4 basis desired by the Authority, including without limitation
5 agreements or contracts commonly known as "interest rate swap
6 agreements", "forward payment conversion agreements", and
7 "futures", or agreements or contracts to exchange cash flows or
8 a series of payments, or agreements or contracts, including
9 without limitation agreements or contracts commonly known as
10 "options", "puts", or "calls", to hedge payment, rate spread,
11 or similar exposure; provided that any such agreement or
12 contract shall not constitute an obligation for borrowed money
13 and shall not be taken into account under Section 845-5 of this
14 Act or any other debt limit of the Authority or the State of
15 Illinois.

16 (y) The Authority shall publish summaries of projects and
17 actions approved by the members of the Authority on its
18 website. These summaries shall include, but not be limited to,
19 information regarding the:

- 20 (1) project;
- 21 (2) Board's action or actions;
- 22 (3) purpose of the project;
- 23 (4) Authority's program and contribution;
- 24 (5) volume cap;
- 25 (6) jobs retained;
- 26 (7) projected new jobs;

- 1 (8) construction jobs created;
- 2 (9) estimated sources and uses of funds;
- 3 (10) financing summary;
- 4 (11) project summary;
- 5 (12) business summary;
- 6 (13) ownership or economic disclosure statement;
- 7 (14) professional and financial information;
- 8 (15) service area; and
- 9 (16) legislative district.

10 The disclosure of information pursuant to this subsection
11 shall comply with the Freedom of Information Act.

12 (z) Consistent with the findings and declaration of policy
13 set forth in item (j) of Section 801-5 of this Act, the
14 Authority shall have the power to make loans to the Police
15 Officers' Pension Investment Fund authorized by Section
16 22B-120 of the Illinois Pension Code and to make loans to the
17 Firefighters' Pension Investment Fund authorized by Section
18 22C-120 of the Illinois Pension Code. Notwithstanding anything
19 in this Act to the contrary, loans authorized by Section
20 22B-120 and Section 22C-120 of the Illinois Pension Code may be
21 made from any of the Authority's funds, including, but not
22 limited to, funds in its Illinois Housing Partnership Program
23 Fund, its Industrial Project Insurance Fund, or its Illinois
24 Venture Investment Fund.

25 (Source: P.A. 100-919, eff. 8-17-18.)

1 (20 ILCS 3501/805-20)

2 Sec. 805-20. Powers and Duties; Industrial Project
3 Insurance Program. The Authority has the power:

4 (a) to insure and make advance commitments to insure
5 all or any part of the payments required on the bonds
6 issued or a loan made to finance any environmental facility
7 under the Illinois Environmental Facilities Financing Act
8 or for any industrial project upon such terms and
9 conditions as the Authority may prescribe in accordance
10 with this Article. The insurance provided by the Authority
11 shall be payable solely from the Fund created by Section
12 805-15 and shall not constitute a debt or pledge of the
13 full faith and credit of the State, the Authority, or any
14 political subdivision thereof;

15 (b) to enter into insurance contracts, letters of
16 credit or any other agreements or contracts with financial
17 institutions with respect to the Fund and any bonds or
18 loans insured thereunder. Any such agreement or contract
19 may contain terms and provisions necessary or desirable in
20 connection with the program, subject to the requirements
21 established by this Act, including without limitation
22 terms and provisions relating to loan documentation,
23 review and approval procedures, origination and servicing
24 rights and responsibilities, default conditions,
25 procedures and obligations with respect to insurance
26 contracts made under this Act. The agreements or contracts

1 may be executed on an individual, group or master contract
2 basis with financial institutions;

3 (c) to charge reasonable fees to defray the cost of
4 obtaining letters of credit or other similar documents,
5 other than insurance contracts under paragraph (b). Any
6 such fees shall be payable by such person, in such amounts
7 and at such times as the Authority shall determine, and the
8 amount of the fees need not be uniform among the various
9 bonds or loans insured;

10 (d) to fix insurance premiums for the insurance of
11 payments under the provisions of this Article. Such
12 premiums shall be computed as determined by the Authority.
13 Any premiums for the insurance of loan payments under the
14 provisions of this Act shall be payable by such person, in
15 such amounts and at such times as the Authority shall
16 determine, and the amount of the premiums need not be
17 uniform among the various bonds or loans insured;

18 (e) to establish application fees and prescribe
19 application, notification, contract and insurance forms,
20 rules and regulations it deems necessary or appropriate;

21 (f) to make loans and to issue bonds secured by
22 insurance or other agreements authorized by paragraphs (a)
23 and (b) of this Section 805-20 and to issue bonds secured
24 by loans that are guaranteed by the federal government or
25 agencies thereof;

26 (g) to issue a single bond issue, or a series of bond

1 issues, for a group of industrial projects, a group of
2 corporations, or a group of business entities or any
3 combination thereof insured by insurance or backed by any
4 other agreement authorized by paragraphs (a) and (b) of
5 this Section or secured by loans that are guaranteed by the
6 federal government or agencies thereof;

7 (h) to enter into trust agreements for the management
8 of the Fund created under Section 805-15 of this Act;

9 (i) to exercise such other powers as are necessary or
10 incidental to the powers granted in this Section and to the
11 issuance of State Guarantees under Article 830 of this Act;
12 and

13 (j) at the discretion of the Authority, (i) to insure
14 and make advance commitments to insure, and issue State
15 Guarantees for, all or any part of the payments required on
16 the bonds issued or loans made to finance any agricultural
17 facility, project, farmer, producer, agribusiness,
18 qualified veteran-owned small business, or program under
19 Article 830 or Article 835 of this Act upon such terms and
20 conditions as the Authority may prescribe in accordance
21 with this Article or (ii) to make loans authorized by
22 subsection (z) of Section 801-40 of this Act upon such
23 terms and conditions as the Authority may prescribe,
24 consistent with Sections 22B-120 and 22C-120 of the
25 Illinois Pension Code and without regard to any other
26 restrictions or limitations provided in this Article. The

1 insurance and State Guarantees provided by the Authority
2 may be payable from the Fund created by Section 805-15 and
3 is in addition to and not in replacement of the Illinois
4 Agricultural Loan Guarantee Fund and the Illinois Farmer
5 and Agribusiness Loan Guarantee Fund created under Article
6 830 of this Act.

7 (Source: P.A. 99-509, eff. 6-24-16.)

8 Section 10. The Illinois Pension Code is amended by
9 changing Sections 1-109.3, 1-113.12, 1-160, 1A-102, 1A-104,
10 1A-109, 1A-111, 1A-112, 1A-113, 3-111, 3-112, 3-125, 3-132,
11 4-109, 4-114, 4-118, 4-123, 7-159, 14-110, 14-152.1, 15-120,
12 15-135, 15-136, 15-159, 15-198, 16-163, 16-164, and 16-165 and
13 by adding Sections 1-101.6, 3-124.3, 3-132.1, 4-117.2, and
14 4-123.2 and Articles 22B and 22C as follows:

15 (40 ILCS 5/1-101.6 new)

16 Sec. 1-101.6. Transferor pension fund. "Transferor pension
17 fund" means any pension fund established pursuant to Article 3
18 or 4 of this Code.

19 (40 ILCS 5/1-109.3)

20 Sec. 1-109.3. Training requirement for pension trustees.

21 (a) All elected and appointed trustees under Article 3 and
22 4 of this Code must participate in a mandatory trustee
23 certification training seminar that consists of at least 16 ~~32~~

1 hours of initial trustee certification at a training facility
2 that is accredited and affiliated with a State of Illinois
3 certified college or university. This training must include
4 without limitation all of the following:

5 (1) Duties and liabilities of a fiduciary with respect
6 to the administration and payment of pension benefits ~~under~~
7 ~~Article 1 of the Illinois Pension Code.~~

8 (2) Adjudication of pension claims.

9 (3) (Blank) ~~Basic accounting and actuarial training.~~

10 (4) Trustee ethics.

11 (5) The Illinois Open Meetings Act.

12 (6) The Illinois Freedom of Information Act.

13 The training required under this subsection (a) must be
14 completed within the first year that a trustee is elected or
15 appointed under an Article 3 or 4 pension fund. Any trustee who
16 has completed the training required under Section 1.05 of the
17 Open Meetings Act shall not be required to participate in
18 training concerning item (5) of this subsection. The elected
19 and appointed trustees of an Article 3 or 4 pension fund who
20 are police officers (as defined in Section 3-106 of this Code)
21 or firefighters (as defined in Section 4-106 of this Code) or
22 are employed by the municipality shall be permitted time away
23 from their duties to attend such training without reduction of
24 accrued leave or benefit time. Active or appointed trustees
25 serving on the effective date of this amendatory Act of the
26 96th General Assembly shall not be required to attend the

1 training required under this subsection (a).

2 (a-5) In addition to the initial trustee certification
3 training required under subsection (a), all elected and
4 appointed trustees who were elected or appointed on or before
5 the effective date of this amendatory Act of the 101st General
6 Assembly shall also participate in 4 hours of training on the
7 changes made by this amendatory Act of the 101st General
8 Assembly. For trustees of funds under Article 3, this training
9 shall be conducted at a training facility that is accredited
10 and affiliated with a State of Illinois certified college or
11 university. For trustees of funds under Article 4, this
12 training may be conducted by a fund, the Department of
13 Insurance, or both a fund and the Department of Insurance. This
14 training is only required to be completed once by each trustee
15 required to participate.

16 (b) In addition to the initial trustee certification
17 training required under subsection (a), all elected and
18 appointed trustees under Article 3 and 4 of this Code,
19 including trustees serving on the effective date of this
20 amendatory Act of the 96th General Assembly, shall also
21 participate in a minimum of 8 ~~16~~ hours of continuing trustee
22 education each year after the first year that the trustee is
23 elected or appointed.

24 (c) The training required under this Section shall be paid
25 for by the pension fund.

26 (d) Any board member who does not timely complete the

1 training required under this Section is not eligible to serve
2 on the board of trustees of an Article 3 or 4 pension fund,
3 unless the board member completes the missed training within 6
4 months after the date the member failed to complete the
5 required training. In the event of a board member's failure to
6 complete the required training, a successor shall be appointed
7 or elected, as applicable, for the unexpired term. A successor
8 who is elected under such circumstances must be elected at a
9 special election called by the board and conducted in the same
10 manner as a regular election under Article 3 or 4, as
11 applicable.

12 (Source: P.A. 96-429, eff. 8-13-09.)

13 (40 ILCS 5/1-113.12)

14 Sec. 1-113.12. Application.

15 (a) Except as provided in subsection (b) of this Section,
16 Sections 1-113.1 through 1-113.10 apply only to pension funds
17 established under Article 3 or 4 of this Code.

18 (b) Upon the transfer of the securities, funds, assets, and
19 moneys of a transferor pension fund to a fund created under
20 Article 22B or 22C, that pension fund shall no longer exercise
21 any investment authority with respect to those securities,
22 funds, assets, and moneys and Sections 1-113.1 through 113.10
23 shall not apply to those securities, funds, assets, and moneys.

24 (Source: P.A. 90-507, eff. 8-22-97.)

1 (40 ILCS 5/1-160)

2 Sec. 1-160. Provisions applicable to new hires.

3 (a) The provisions of this Section apply to a person who,
4 on or after January 1, 2011, first becomes a member or a
5 participant under any reciprocal retirement system or pension
6 fund established under this Code, other than a retirement
7 system or pension fund established under Article 2, 3, 4, 5, 6,
8 15 or 18 of this Code, notwithstanding any other provision of
9 this Code to the contrary, but do not apply to any self-managed
10 plan established under this Code, to any person with respect to
11 service as a sheriff's law enforcement employee under Article
12 7, or to any participant of the retirement plan established
13 under Section 22-101. Notwithstanding anything to the contrary
14 in this Section, for purposes of this Section, a person who
15 participated in a retirement system under Article 15 prior to
16 January 1, 2011 shall be deemed a person who first became a
17 member or participant prior to January 1, 2011 under any
18 retirement system or pension fund subject to this Section. The
19 changes made to this Section by Public Act 98-596 are a
20 clarification of existing law and are intended to be
21 retroactive to January 1, 2011 (the effective date of Public
22 Act 96-889), notwithstanding the provisions of Section 1-103.1
23 of this Code.

24 This Section does not apply to a person who first becomes a
25 noncovered employee under Article 14 on or after the
26 implementation date of the plan created under Section 1-161 for

1 that Article, unless that person elects under subsection (b) of
2 Section 1-161 to instead receive the benefits provided under
3 this Section and the applicable provisions of that Article.

4 This Section does not apply to a person who first becomes a
5 member or participant under Article 16 on or after the
6 implementation date of the plan created under Section 1-161 for
7 that Article, unless that person elects under subsection (b) of
8 Section 1-161 to instead receive the benefits provided under
9 this Section and the applicable provisions of that Article.

10 This Section does not apply to a person who elects under
11 subsection (c-5) of Section 1-161 to receive the benefits under
12 Section 1-161.

13 This Section does not apply to a person who first becomes a
14 member or participant of an affected pension fund on or after 6
15 months after the resolution or ordinance date, as defined in
16 Section 1-162, unless that person elects under subsection (c)
17 of Section 1-162 to receive the benefits provided under this
18 Section and the applicable provisions of the Article under
19 which he or she is a member or participant.

20 (b) "Final average salary" means the average monthly (or
21 annual) salary obtained by dividing the total salary or
22 earnings calculated under the Article applicable to the member
23 or participant during the 96 consecutive months (or 8
24 consecutive years) of service within the last 120 months (or 10
25 years) of service in which the total salary or earnings
26 calculated under the applicable Article was the highest by the

1 number of months (or years) of service in that period. For the
2 purposes of a person who first becomes a member or participant
3 of any retirement system or pension fund to which this Section
4 applies on or after January 1, 2011, in this Code, "final
5 average salary" shall be substituted for the following:

6 (1) In Article 7 (except for service as sheriff's law
7 enforcement employees), "final rate of earnings".

8 (2) In Articles 8, 9, 10, 11, and 12, "highest average
9 annual salary for any 4 consecutive years within the last
10 10 years of service immediately preceding the date of
11 withdrawal".

12 (3) In Article 13, "average final salary".

13 (4) In Article 14, "final average compensation".

14 (5) In Article 17, "average salary".

15 (6) In Section 22-207, "wages or salary received by him
16 at the date of retirement or discharge".

17 (b-5) Beginning on January 1, 2011, for all purposes under
18 this Code (including without limitation the calculation of
19 benefits and employee contributions), the annual earnings,
20 salary, or wages (based on the plan year) of a member or
21 participant to whom this Section applies shall not exceed
22 \$106,800; however, that amount shall annually thereafter be
23 increased by the lesser of (i) 3% of that amount, including all
24 previous adjustments, or (ii) one-half the annual unadjusted
25 percentage increase (but not less than zero) in the consumer
26 price index-u for the 12 months ending with the September

1 preceding each November 1, including all previous adjustments.

2 For the purposes of this Section, "consumer price index-u"
3 means the index published by the Bureau of Labor Statistics of
4 the United States Department of Labor that measures the average
5 change in prices of goods and services purchased by all urban
6 consumers, United States city average, all items, 1982-84 =
7 100. The new amount resulting from each annual adjustment shall
8 be determined by the Public Pension Division of the Department
9 of Insurance and made available to the boards of the retirement
10 systems and pension funds by November 1 of each year.

11 (c) A member or participant is entitled to a retirement
12 annuity upon written application if he or she has attained age
13 67 (beginning January 1, 2015, age 65 with respect to service
14 under Article 12 of this Code that is subject to this Section)
15 and has at least 10 years of service credit and is otherwise
16 eligible under the requirements of the applicable Article.

17 A member or participant who has attained age 62 (beginning
18 January 1, 2015, age 60 with respect to service under Article
19 12 of this Code that is subject to this Section) and has at
20 least 10 years of service credit and is otherwise eligible
21 under the requirements of the applicable Article may elect to
22 receive the lower retirement annuity provided in subsection (d)
23 of this Section.

24 (c-5) A person who first becomes a member or a participant
25 subject to this Section on or after July 6, 2017 (the effective
26 date of Public Act 100-23), notwithstanding any other provision

1 of this Code to the contrary, is entitled to a retirement
2 annuity under Article 8 or Article 11 upon written application
3 if he or she has attained age 65 and has at least 10 years of
4 service credit and is otherwise eligible under the requirements
5 of Article 8 or Article 11 of this Code, whichever is
6 applicable.

7 (d) The retirement annuity of a member or participant who
8 is retiring after attaining age 62 (beginning January 1, 2015,
9 age 60 with respect to service under Article 12 of this Code
10 that is subject to this Section) with at least 10 years of
11 service credit shall be reduced by one-half of 1% for each full
12 month that the member's age is under age 67 (beginning January
13 1, 2015, age 65 with respect to service under Article 12 of
14 this Code that is subject to this Section).

15 (d-5) The retirement annuity payable under Article 8 or
16 Article 11 to an eligible person subject to subsection (c-5) of
17 this Section who is retiring at age 60 with at least 10 years
18 of service credit shall be reduced by one-half of 1% for each
19 full month that the member's age is under age 65.

20 (d-10) Each person who first became a member or participant
21 under Article 8 or Article 11 of this Code on or after January
22 1, 2011 and prior to the effective date of this amendatory Act
23 of the 100th General Assembly shall make an irrevocable
24 election either:

25 (i) to be eligible for the reduced retirement age
26 provided in subsections (c-5) and (d-5) of this Section,

1 the eligibility for which is conditioned upon the member or
2 participant agreeing to the increases in employee
3 contributions for age and service annuities provided in
4 subsection (a-5) of Section 8-174 of this Code (for service
5 under Article 8) or subsection (a-5) of Section 11-170 of
6 this Code (for service under Article 11); or

7 (ii) to not agree to item (i) of this subsection
8 (d-10), in which case the member or participant shall
9 continue to be subject to the retirement age provisions in
10 subsections (c) and (d) of this Section and the employee
11 contributions for age and service annuity as provided in
12 subsection (a) of Section 8-174 of this Code (for service
13 under Article 8) or subsection (a) of Section 11-170 of
14 this Code (for service under Article 11).

15 The election provided for in this subsection shall be made
16 between October 1, 2017 and November 15, 2017. A person subject
17 to this subsection who makes the required election shall remain
18 bound by that election. A person subject to this subsection who
19 fails for any reason to make the required election within the
20 time specified in this subsection shall be deemed to have made
21 the election under item (ii).

22 (e) Any retirement annuity or supplemental annuity shall be
23 subject to annual increases on the January 1 occurring either
24 on or after the attainment of age 67 (beginning January 1,
25 2015, age 65 with respect to service under Article 12 of this
26 Code that is subject to this Section and beginning on the

1 effective date of this amendatory Act of the 100th General
2 Assembly, age 65 with respect to service under Article 8 or
3 Article 11 for eligible persons who: (i) are subject to
4 subsection (c-5) of this Section; or (ii) made the election
5 under item (i) of subsection (d-10) of this Section) or the
6 first anniversary of the annuity start date, whichever is
7 later. Each annual increase shall be calculated at 3% or
8 one-half the annual unadjusted percentage increase (but not
9 less than zero) in the consumer price index-u for the 12 months
10 ending with the September preceding each November 1, whichever
11 is less, of the originally granted retirement annuity. If the
12 annual unadjusted percentage change in the consumer price
13 index-u for the 12 months ending with the September preceding
14 each November 1 is zero or there is a decrease, then the
15 annuity shall not be increased.

16 For the purposes of Section 1-103.1 of this Code, the
17 changes made to this Section by this amendatory Act of the
18 100th General Assembly are applicable without regard to whether
19 the employee was in active service on or after the effective
20 date of this amendatory Act of the 100th General Assembly.

21 (f) The initial survivor's or widow's annuity of an
22 otherwise eligible survivor or widow of a retired member or
23 participant who first became a member or participant on or
24 after January 1, 2011 shall be in the amount of 66 2/3% of the
25 retired member's or participant's retirement annuity at the
26 date of death. In the case of the death of a member or

1 participant who has not retired and who first became a member
2 or participant on or after January 1, 2011, eligibility for a
3 survivor's or widow's annuity shall be determined by the
4 applicable Article of this Code. The initial benefit shall be
5 66 2/3% of the earned annuity without a reduction due to age. A
6 child's annuity of an otherwise eligible child shall be in the
7 amount prescribed under each Article if applicable. Any
8 survivor's or widow's annuity shall be increased (1) on each
9 January 1 occurring on or after the commencement of the annuity
10 if the deceased member died while receiving a retirement
11 annuity or (2) in other cases, on each January 1 occurring
12 after the first anniversary of the commencement of the annuity.
13 Each annual increase shall be calculated at 3% or one-half the
14 annual unadjusted percentage increase (but not less than zero)
15 in the consumer price index-u for the 12 months ending with the
16 September preceding each November 1, whichever is less, of the
17 originally granted survivor's annuity. If the annual
18 unadjusted percentage change in the consumer price index-u for
19 the 12 months ending with the September preceding each November
20 1 is zero or there is a decrease, then the annuity shall not be
21 increased.

22 (g) The benefits in Section 14-110 apply only if the person
23 is a State policeman, a fire fighter in the fire protection
24 service of a department, a conservation police officer, an
25 investigator for the Secretary of State, an arson investigator,
26 a Commerce Commission police officer, investigator for the

1 Department of Revenue or the Illinois Gaming Board, a security
2 employee of the Department of Corrections or the Department of
3 Juvenile Justice, or a security employee of the Department of
4 Innovation and Technology, as those terms are defined in
5 subsection (b) and subsection (c) of Section 14-110. A person
6 who meets the requirements of this Section is entitled to an
7 annuity calculated under the provisions of Section 14-110, in
8 lieu of the regular or minimum retirement annuity, only if the
9 person has withdrawn from service with not less than 20 years
10 of eligible creditable service and has attained age 60,
11 regardless of whether the attainment of age 60 occurs while the
12 person is still in service.

13 (h) If a person who first becomes a member or a participant
14 of a retirement system or pension fund subject to this Section
15 on or after January 1, 2011 is receiving a retirement annuity
16 or retirement pension under that system or fund and becomes a
17 member or participant under any other system or fund created by
18 this Code and is employed on a full-time basis, except for
19 those members or participants exempted from the provisions of
20 this Section under subsection (a) of this Section, then the
21 person's retirement annuity or retirement pension under that
22 system or fund shall be suspended during that employment. Upon
23 termination of that employment, the person's retirement
24 annuity or retirement pension payments shall resume and be
25 recalculated if recalculation is provided for under the
26 applicable Article of this Code.

1 If a person who first becomes a member of a retirement
2 system or pension fund subject to this Section on or after
3 January 1, 2012 and is receiving a retirement annuity or
4 retirement pension under that system or fund and accepts on a
5 contractual basis a position to provide services to a
6 governmental entity from which he or she has retired, then that
7 person's annuity or retirement pension earned as an active
8 employee of the employer shall be suspended during that
9 contractual service. A person receiving an annuity or
10 retirement pension under this Code shall notify the pension
11 fund or retirement system from which he or she is receiving an
12 annuity or retirement pension, as well as his or her
13 contractual employer, of his or her retirement status before
14 accepting contractual employment. A person who fails to submit
15 such notification shall be guilty of a Class A misdemeanor and
16 required to pay a fine of \$1,000. Upon termination of that
17 contractual employment, the person's retirement annuity or
18 retirement pension payments shall resume and, if appropriate,
19 be recalculated under the applicable provisions of this Code.

20 (i) (Blank).

21 (j) In the case of a conflict between the provisions of
22 this Section and any other provision of this Code, the
23 provisions of this Section shall control.

24 (Source: P.A. 100-23, eff. 7-6-17; 100-201, eff. 8-18-17;
25 100-563, eff. 12-8-17; 100-611, eff. 7-20-18; 100-1166, eff.
26 1-4-19.)

1 (40 ILCS 5/1A-102)

2 Sec. 1A-102. Definitions. As used in this Article, the
3 following terms have the meanings ascribed to them in this
4 Section, unless the context otherwise requires:

5 "Accrued liability" means the actuarial present value of
6 future benefit payments and appropriate administrative
7 expenses under a plan, reduced by the actuarial present value
8 of all future normal costs (including any participant
9 contributions) with respect to the participants included in the
10 actuarial valuation of the plan.

11 "Actuarial present value" means the single amount, as of a
12 given valuation date, that results from applying actuarial
13 assumptions to an amount or series of amounts payable or
14 receivable at various times.

15 "Actuarial value of assets" means the value assigned by the
16 actuary to the assets of a plan for the purposes of an
17 actuarial valuation.

18 "Basis point" means 1/100th of one percent.

19 "Beneficiary" means a person eligible for or receiving
20 benefits from a pension fund as provided in the Article of this
21 Code under which the fund is established.

22 "Consolidated Fund" means: (i) with respect to the pension
23 funds established under Article 3 of this Code, the Police
24 Officers' Pension Investment Fund established under Article
25 22B of this Code; and (ii) with respect to the pension funds

1 established under Article 4 of this Code, the Firefighters'
2 Pension Investment Fund established under Article 22C of this
3 Code.

4 "Credited projected benefit" means that portion of a
5 participant's projected benefit based on an allocation taking
6 into account service to date determined in accordance with the
7 terms of the plan based on anticipated future compensation.

8 "Current value" means the fair market value when available;
9 otherwise, the fair value as determined in good faith by a
10 trustee, assuming an orderly liquidation at the time of the
11 determination.

12 "Department" means the Department of Insurance of the State
13 of Illinois.

14 "Director" means the Director of the Department of
15 Insurance.

16 "Division" means the Public Pension Division of the
17 Department of Insurance.

18 "Governmental unit" means the State of Illinois, any
19 instrumentality or agency thereof (except transit authorities
20 or agencies operating within or within and without cities with
21 a population over 3,000,000), and any political subdivision or
22 municipal corporation that establishes and maintains a public
23 pension fund.

24 "Normal cost" means that part of the actuarial present
25 value of all future benefit payments and appropriate
26 administrative expenses assigned to the current year under the

1 actuarial valuation method used by the plan (excluding any
2 amortization of the unfunded accrued liability).

3 "Participant" means a participating member or deferred
4 pensioner or annuitant of a pension fund as provided in the
5 Article of this Code under which the pension fund is
6 established, or a beneficiary thereof.

7 "Pension fund" means any public pension fund, annuity and
8 benefit fund, or retirement system established under this Code.

9 "Plan year" means the calendar or fiscal year on which the
10 records of a given plan are kept.

11 "Projected benefits" means benefit amounts under a plan
12 which are expected to be paid at various future times under a
13 particular set of actuarial assumptions, taking into account,
14 as applicable, the effect of advancement in age and past and
15 anticipated future compensation and service credits.

16 "Supplemental annual cost" means that portion of the
17 unfunded accrued liability assigned to the current year under
18 one of the following bases:

19 (1) interest only on the unfunded accrued liability;

20 (2) the level annual amount required to amortize the
21 unfunded accrued liability over a period not exceeding 40
22 years;

23 (3) the amount required for the current year to
24 amortize the unfunded accrued liability over a period not
25 exceeding 40 years as a level percentage of payroll.

26 "Total annual cost" means the sum of the normal cost plus

1 the supplemental annual cost.

2 "Transition period" means the period described in Section
3 22B-120 with respect to the pension funds established under
4 Article 3 of this Code and the period described in Section
5 22C-120 with respect to the pension funds established under
6 Article 4 of this Code.

7 "Unfunded accrued liability" means the excess of the
8 accrued liability over the actuarial value of the assets of a
9 plan.

10 "Vested pension benefit" means an interest obtained by a
11 participant or beneficiary in that part of an immediate or
12 deferred benefit under a plan which arises from the
13 participant's service and is not conditional upon the
14 participant's continued service for an employer any of whose
15 employees are covered under the plan, and which has not been
16 forfeited under the terms of the plan.

17 (Source: P.A. 90-507, eff. 8-22-97.)

18 (40 ILCS 5/1A-104)

19 Sec. 1A-104. Examinations and investigations.

20 (a) Except as described in the following paragraph with
21 respect to pension funds established under Article 3 or 4 of
22 this Code, the ~~The~~ Division shall make periodic examinations
23 and investigations of all pension funds established under this
24 Code and maintained for the benefit of employees and officers
25 of governmental units in the State of Illinois. However, in

1 lieu of making an examination and investigation, the Division
2 may accept and rely upon a report of audit or examination of
3 any pension fund made by an independent certified public
4 accountant pursuant to the provisions of the Article of this
5 Code governing the pension fund. The acceptance of the report
6 of audit or examination does not bar the Division from making a
7 further audit, examination, and investigation if deemed
8 necessary by the Division.

9 For pension funds established under Article 3 or 4 of this
10 Code: (i) prior to the conclusion of the transition period, the
11 Division shall make the periodic examinations and
12 investigations described in the preceding paragraph; and (ii)
13 after the conclusion of the transition period, the Division may
14 accept and rely upon a report of audit or examination of such
15 pension fund made by an independent certified public accountant
16 retained by the Consolidated Fund. The acceptance of the report
17 of audit or examination does not bar the Division from making a
18 further audit, examination, and investigation if deemed
19 necessary by the Division.

20 The Department may implement a flexible system of
21 examinations under which it directs resources as it deems
22 necessary or appropriate. In consultation with the pension fund
23 being examined, the Division may retain attorneys, independent
24 actuaries, independent certified public accountants, and other
25 professionals and specialists as examiners, the cost of which
26 (except in the case of pension funds established under Article

1 3 or 4) shall be borne by the pension fund that is the subject
2 of the examination.

3 (b) The Division or the Consolidated Fund, as appropriate,
4 shall examine or investigate each pension fund established
5 under Article 3 or Article 4 of this Code. The schedule of each
6 examination shall be such that each fund shall be examined once
7 every 3 years.

8 Each examination shall include the following:

9 (1) an audit of financial transactions, investment
10 policies, and procedures;

11 (2) an examination of books, records, documents,
12 files, and other pertinent memoranda relating to
13 financial, statistical, and administrative operations;

14 (3) a review of policies and procedures maintained for
15 the administration and operation of the pension fund;

16 (4) a determination of whether or not full effect is
17 being given to the statutory provisions governing the
18 operation of the pension fund;

19 (5) a determination of whether or not the
20 administrative policies in force are in accord with the
21 purposes of the statutory provisions and effectively
22 protect and preserve the rights and equities of the
23 participants;

24 (6) a determination of whether or not proper financial
25 and statistical records have been established and adequate
26 documentary evidence is recorded and maintained in support

1 of the several types of annuity and benefit payments being
2 made; and

3 (7) a determination of whether or not the calculations
4 made by the fund for the payment of all annuities and
5 benefits are accurate.

6 In addition, the Division or the Consolidated Fund, as
7 appropriate, may conduct investigations, which shall be
8 identified as such and which may include one or more of the
9 items listed in this subsection.

10 A copy of the report of examination or investigation as
11 prepared by the Division or the Consolidated Fund, as
12 appropriate, shall be submitted to the secretary of the board
13 of trustees of the pension fund examined or investigated and to
14 the chief executive officer of the municipality. The Director,
15 upon request, shall grant a hearing to the officers or trustees
16 of the pension fund and to the officers or trustees of the
17 Consolidated Fund, as appropriate, or their duly appointed
18 representatives, upon any facts contained in the report of
19 examination. The hearing shall be conducted before filing the
20 report or making public any information contained in the
21 report. The Director may withhold the report from public
22 inspection for up to 60 days following the hearing.

23 (Source: P.A. 95-950, eff. 8-29-08.)

24 (40 ILCS 5/1A-109)

25 Sec. 1A-109. Annual statements by pension funds. Each

1 pension fund shall furnish to the Division an annual statement
2 in a format prepared by the Division.

3 The Division shall design the form and prescribe the
4 content of the annual statement and, at least 60 days prior to
5 the filing date, shall furnish the form to each pension fund
6 for completion. The annual statement shall be prepared by each
7 fund, properly certified by its officers, and submitted to the
8 Division within 6 months following the close of the fiscal year
9 of the pension fund.

10 The annual statement shall include, but need not be limited
11 to, the following:

12 (1) a financial balance sheet as of the close of the
13 fiscal year;

14 (2) a statement of income and expenditures;

15 (3) an actuarial balance sheet;

16 (4) statistical data reflecting age, service, and
17 salary characteristics concerning all participants;

18 (5) special facts concerning disability or other
19 claims;

20 (6) details on investment transactions that occurred
21 during the fiscal year covered by the report;

22 (7) details on administrative expenses; and

23 (8) such other supporting data and schedules as in the
24 judgement of the Division may be necessary for a proper
25 appraisal of the financial condition of the pension fund
26 and the results of its operations. The annual statement

1 shall also specify the actuarial and interest tables used
2 in the operation of the pension fund.

3 For pension funds under Article 3 or 4 of this Code, after
4 the conclusion of the transition period, the Consolidated Fund
5 shall furnish directly to the Division the information
6 described in items (1) and (6) of this Section and shall
7 otherwise cooperate with the pension fund in the preparation of
8 the annual statement.

9 A pension fund that fails to file its annual statement
10 within the time prescribed under this Section is subject to the
11 penalty provisions of Section 1A-113.

12 (Source: P.A. 90-507, eff. 8-22-97.)

13 (40 ILCS 5/1A-111)

14 Sec. 1A-111. Actuarial statements by pension funds
15 established under Article 3 or 4.

16 (a) For each ~~Each~~ pension fund established under Article 3
17 or 4 of this Code, a complete actuarial statement applicable to
18 its plan year shall be included ~~include~~ as part of its annual
19 statement in accordance with the following: a complete
20 ~~actuarial statement applicable to the plan year.~~

21 (1) Prior to the conclusion of the transition period,
22 if ~~if~~ the actuarial statement is prepared by a person other
23 than the Department, it shall be filed with the Division
24 within 9 months after the close of the fiscal year of the
25 pension fund. Any pension fund that fails to file within

1 that time shall be subject to the penalty provisions of
2 Section 1A-113. The statement shall be prepared by or under
3 the supervision of a qualified actuary, signed by the
4 qualified actuary, and contain such information as the
5 Division may by rule require.

6 (2) After the conclusion of the transition period, each
7 actuarial statement shall be prepared by or under the
8 supervision of a qualified actuary retained by the
9 Consolidated Fund and signed by the qualified actuary and
10 shall contain such information as the Division may by rule
11 require. The actuarial statement shall be filed with the
12 Division within 9 months after the close of the fiscal year
13 of the pension fund.

14 (a-5) Prior to the conclusion of the transition period, the
15 actuarial statements may be prepared utilizing the method for
16 calculating the actuarially required contribution for the
17 pension fund that was in effect prior to the effective date of
18 this amendatory Act of the 101st General Assembly.

19 After the conclusion of the transition period, the
20 actuarial statements shall be prepared by or under the
21 supervision of a qualified actuary retained by the Consolidated
22 Fund, and if a change occurs in an actuarial or investment
23 assumption that increases or decreases the actuarially
24 required contribution for the pension fund, that change shall
25 be implemented in equal annual amounts over the 3-year period
26 beginning in the fiscal year of the pension fund in which such

1 change first occurs.

2 The actuarially required contribution as described in this
3 subsection shall determine the annual required employer
4 contribution.

5 (b) For the purposes of this Section, "qualified actuary"
6 means (i) a member of the American Academy of Actuaries, or
7 (ii) an individual who has demonstrated to the satisfaction of
8 the Director that he or she has the educational background
9 necessary for the practice of actuarial science and has at
10 least 7 years of actuarial experience.

11 (Source: P.A. 90-507, eff. 8-22-97.)

12 (40 ILCS 5/1A-112)

13 Sec. 1A-112. Fees.

14 (a) Every pension fund that is required to file an annual
15 statement under Section 1A-109 shall pay to the Department an
16 annual compliance fee. In the case of a pension fund under
17 Article 3 or 4 of this Code, (i) prior to the conclusion of the
18 transition period, the annual compliance fee shall be 0.02% (2
19 basis points) of the total assets of the pension fund, as
20 reported in the most current annual statement of the fund, but
21 not more than \$8,000 and (ii) after the conclusion of the
22 transition period, the annual compliance fee shall be \$8,000
23 and shall be paid by the Consolidated Fund. In the case of all
24 other pension funds and retirement systems, the annual
25 compliance fee shall be \$8,000.

1 (b) The annual compliance fee shall be due on June 30 for
2 the following State fiscal year, except that the fee payable in
3 1997 for fiscal year 1998 shall be due no earlier than 30 days
4 following the effective date of this amendatory Act of 1997.

5 (c) Any information obtained by the Division that is
6 available to the public under the Freedom of Information Act
7 and is either compiled in published form or maintained on a
8 computer processible medium shall be furnished upon the written
9 request of any applicant and the payment of a reasonable
10 information services fee established by the Director,
11 sufficient to cover the total cost to the Division of
12 compiling, processing, maintaining, and generating the
13 information. The information may be furnished by means of
14 published copy or on a computer processed or computer
15 processible medium.

16 No fee may be charged to any person for information that
17 the Division is required by law to furnish to that person.

18 (d) Except as otherwise provided in this Section, all fees
19 and penalties collected by the Department under this Code shall
20 be deposited into the Public Pension Regulation Fund.

21 (e) Fees collected under subsection (c) of this Section and
22 money collected under Section 1A-107 shall be deposited into
23 the Technology Management Revolving Fund and credited to the
24 account of the Department's Public Pension Division. This
25 income shall be used exclusively for the purposes set forth in
26 Section 1A-107. Notwithstanding the provisions of Section

1 408.2 of the Illinois Insurance Code, no surplus funds
2 remaining in this account shall be deposited in the Insurance
3 Financial Regulation Fund. All money in this account that the
4 Director certifies is not needed for the purposes set forth in
5 Section 1A-107 of this Code shall be transferred to the Public
6 Pension Regulation Fund.

7 (f) Nothing in this Code prohibits the General Assembly
8 from appropriating funds from the General Revenue Fund to the
9 Department for the purpose of administering or enforcing this
10 Code.

11 (Source: P.A. 100-23, eff. 7-6-17.)

12 (40 ILCS 5/1A-113)

13 Sec. 1A-113. Penalties.

14 (a) A pension fund that fails, without just cause, to file
15 its annual statement within the time prescribed under Section
16 1A-109 shall pay to the Department a penalty to be determined
17 by the Department, which shall not exceed \$100 for each day's
18 delay.

19 (b) A pension fund that fails, without just cause, to file
20 its actuarial statement within the time prescribed under
21 Section 1A-110 or 1A-111 shall pay to the Department a penalty
22 to be determined by the Department, which shall not exceed \$100
23 for each day's delay.

24 (c) A pension fund that fails to pay a fee within the time
25 prescribed under Section 1A-112 shall pay to the Department a

1 penalty of 5% of the amount of the fee for each month or part of
2 a month that the fee is late. The entire penalty shall not
3 exceed 25% of the fee due.

4 (d) This subsection applies to any governmental unit, as
5 defined in Section 1A-102, that is subject to any law
6 establishing a pension fund or retirement system for the
7 benefit of employees of the governmental unit.

8 Whenever the Division determines by examination,
9 investigation, or in any other manner that the governing body
10 or any elected or appointed officer or official of a
11 governmental unit has failed to comply with any provision of
12 that law:

13 (1) The Director shall notify in writing the governing
14 body, officer, or official of the specific provision or
15 provisions of the law with which the person has failed to
16 comply.

17 (2) Upon receipt of the notice, the person notified
18 shall take immediate steps to comply with the provisions of
19 law specified in the notice.

20 (3) If the person notified fails to comply within a
21 reasonable time after receiving the notice, the Director
22 may hold a hearing at which the person notified may show
23 cause for noncompliance with the law.

24 (4) If upon hearing the Director determines that good
25 and sufficient cause for noncompliance has not been shown,
26 the Director may order the person to submit evidence of

1 compliance within a specified period of not less than 30
2 days.

3 (5) If evidence of compliance has not been submitted to
4 the Director within the period of time prescribed in the
5 order and no administrative appeal from the order has been
6 initiated, the Director may assess a civil penalty of up to
7 \$2,000 against the governing body, officer, or official for
8 each noncompliance with an order of the Director.

9 The Director shall develop by rule, with as much
10 specificity as practicable, the standards and criteria to be
11 used in assessing penalties and their amounts. The standards
12 and criteria shall include, but need not be limited to,
13 consideration of evidence of efforts made in good faith to
14 comply with applicable legal requirements. This rulemaking is
15 subject to the provisions of the Illinois Administrative
16 Procedure Act.

17 If a penalty is not paid within 30 days of the date of
18 assessment, the Director without further notice shall report
19 the act of noncompliance to the Attorney General of this State.
20 It shall be the duty of the Attorney General or, if the
21 Attorney General so designates, the State's Attorney of the
22 county in which the governmental unit is located to apply
23 promptly by complaint on relation of the Director of Insurance
24 in the name of the people of the State of Illinois, as
25 plaintiff, to the circuit court of the county in which the
26 governmental unit is located for enforcement of the penalty

1 prescribed in this subsection or for such additional relief as
2 the nature of the case and the interest of the employees of the
3 governmental unit or the public may require.

4 (e) Whoever knowingly makes a false certificate, entry, or
5 memorandum upon any of the books or papers pertaining to any
6 pension fund or upon any statement, report, or exhibit filed or
7 offered for file with the Division or the Director of Insurance
8 in the course of any examination, inquiry, or investigation,
9 with intent to deceive the Director, the Division, or any of
10 its employees is guilty of a Class A misdemeanor.

11 (f) Subsections (b) and (c) shall apply to pension funds
12 established under Article 3 or Article 4 of this Code only
13 prior to the conclusion of the transition period, and this
14 Section shall not apply to the Consolidated Funds.

15 (Source: P.A. 90-507, eff. 8-22-97.)

16 (40 ILCS 5/3-111) (from Ch. 108 1/2, par. 3-111)

17 Sec. 3-111. Pension.

18 (a) A police officer age 50 or more with 20 or more years
19 of creditable service, who is not a participant in the
20 self-managed plan under Section 3-109.3 and who is no longer in
21 service as a police officer, shall receive a pension of 1/2 of
22 the salary attached to the rank held by the officer on the
23 police force for one year immediately prior to retirement or,
24 beginning July 1, 1987 for persons terminating service on or
25 after that date, the salary attached to the rank held on the

1 last day of service or for one year prior to the last day,
2 whichever is greater. The pension shall be increased by 2.5% of
3 such salary for each additional year of service over 20 years
4 of service through 30 years of service, to a maximum of 75% of
5 such salary.

6 The changes made to this subsection (a) by this amendatory
7 Act of the 91st General Assembly apply to all pensions that
8 become payable under this subsection on or after January 1,
9 1999. All pensions payable under this subsection that began on
10 or after January 1, 1999 and before the effective date of this
11 amendatory Act shall be recalculated, and the amount of the
12 increase accruing for that period shall be payable to the
13 pensioner in a lump sum.

14 (a-5) No pension in effect on or granted after June 30,
15 1973 shall be less than \$200 per month. Beginning July 1, 1987,
16 the minimum retirement pension for a police officer having at
17 least 20 years of creditable service shall be \$400 per month,
18 without regard to whether or not retirement occurred prior to
19 that date. If the minimum pension established in Section
20 3-113.1 is greater than the minimum provided in this
21 subsection, the Section 3-113.1 minimum controls.

22 (b) A police officer mandatorily retired from service due
23 to age by operation of law, having at least 8 but less than 20
24 years of creditable service, shall receive a pension equal to 2
25 1/2% of the salary attached to the rank he or she held on the
26 police force for one year immediately prior to retirement or,

1 beginning July 1, 1987 for persons terminating service on or
2 after that date, the salary attached to the rank held on the
3 last day of service or for one year prior to the last day,
4 whichever is greater, for each year of creditable service.

5 A police officer who retires or is separated from service
6 having at least 8 years but less than 20 years of creditable
7 service, who is not mandatorily retired due to age by operation
8 of law, and who does not apply for a refund of contributions at
9 his or her last separation from police service, shall receive a
10 pension upon attaining age 60 equal to 2.5% of the salary
11 attached to the rank held by the police officer on the police
12 force for one year immediately prior to retirement or,
13 beginning July 1, 1987 for persons terminating service on or
14 after that date, the salary attached to the rank held on the
15 last day of service or for one year prior to the last day,
16 whichever is greater, for each year of creditable service.

17 (c) A police officer no longer in service who has at least
18 one but less than 8 years of creditable service in a police
19 pension fund but meets the requirements of this subsection (c)
20 shall be eligible to receive a pension from that fund equal to
21 2.5% of the salary attached to the rank held on the last day of
22 service under that fund or for one year prior to that last day,
23 whichever is greater, for each year of creditable service in
24 that fund. The pension shall begin no earlier than upon
25 attainment of age 60 (or upon mandatory retirement from the
26 fund by operation of law due to age, if that occurs before age

1 60) and in no event before the effective date of this
2 amendatory Act of 1997.

3 In order to be eligible for a pension under this subsection
4 (c), the police officer must have at least 8 years of
5 creditable service in a second police pension fund under this
6 Article and be receiving a pension under subsection (a) or (b)
7 of this Section from that second fund. The police officer need
8 not be in service on or after the effective date of this
9 amendatory Act of 1997.

10 (d) Notwithstanding any other provision of this Article,
11 the provisions of this subsection (d) apply to a person who is
12 not a participant in the self-managed plan under Section
13 3-109.3 and who first becomes a police officer under this
14 Article on or after January 1, 2011.

15 A police officer age 55 or more who has 10 or more years of
16 service in that capacity shall be entitled at his option to
17 receive a monthly pension for his service as a police officer
18 computed by multiplying 2.5% for each year of such service by
19 his or her final average salary.

20 The pension of a police officer who is retiring after
21 attaining age 50 with 10 or more years of creditable service
22 shall be reduced by one-half of 1% for each month that the
23 police officer's age is under age 55.

24 The maximum pension under this subsection (d) shall be 75%
25 of final average salary.

26 For the purposes of this subsection (d), "final average

1 salary" means the greater of: (i) the average monthly salary
2 obtained by dividing the total salary of the police officer
3 during the ~~48 96~~ consecutive months of service within the last
4 ~~60 120~~ months of service in which the total salary was the
5 highest by the number of months of service in that period; or
6 (ii) the average monthly salary obtained by dividing the total
7 salary of the police officer during the 96 consecutive months
8 of service within the last 120 months of service in which the
9 total salary was the highest by the number of months of service
10 in that period.

11 Beginning on January 1, 2011, for all purposes under this
12 Code (including without limitation the calculation of benefits
13 and employee contributions), the annual salary based on the
14 plan year of a member or participant to whom this Section
15 applies shall not exceed \$106,800; however, that amount shall
16 annually thereafter be increased by the lesser of (i) 3% of
17 that amount, including all previous adjustments, or (ii)
18 ~~one-half~~ the annual unadjusted percentage increase (but not
19 less than zero) in the consumer price index-u for the 12 months
20 ending with the September preceding each November 1, including
21 all previous adjustments.

22 Nothing in this amendatory Act of the 101st General
23 Assembly shall cause or otherwise result in any retroactive
24 adjustment of any employee contributions.

25 (Source: P.A. 96-1495, eff. 1-1-11.)

1 (40 ILCS 5/3-112) (from Ch. 108 1/2, par. 3-112)

2 Sec. 3-112. Pension to survivors.

3 (a) Upon the death of a police officer entitled to a
4 pension under Section 3-111, the surviving spouse shall be
5 entitled to the pension to which the police officer was then
6 entitled. Upon the death of the surviving spouse, or upon the
7 remarriage of the surviving spouse if that remarriage
8 terminates the surviving spouse's eligibility under Section
9 3-121, the police officer's unmarried children who are under
10 age 18 or who are dependent because of physical or mental
11 disability shall be entitled to equal shares of such pension.
12 If there is no eligible surviving spouse and no eligible child,
13 the dependent parent or parents of the officer shall be
14 entitled to receive or share such pension until their death or
15 marriage or remarriage after the death of the police officer.

16 Notwithstanding any other provision of this Article, for a
17 person who first becomes a police officer under this Article on
18 or after January 1, 2011, the pension to which the surviving
19 spouse, children, or parents are entitled under this subsection
20 (a) shall be in an ~~the~~ amount equal to the greater of (i) 54% of
21 the police officer's monthly salary at the date of death, or
22 (ii) ~~of~~ 66 2/3% of the police officer's earned pension at the
23 date of death, and, if there is a surviving spouse, 12% of such
24 monthly salary shall be granted to the guardian of any minor
25 child or children, including a child who has been conceived but
26 not yet born, for each such child until attainment of age 18.

1 Upon the death of the surviving spouse leaving one or more
2 minor children, or upon the death of a police officer leaving
3 one or more minor children but no surviving spouse, a monthly
4 pension of 20% of the monthly salary shall be granted to the
5 duly appointed guardian of each such child for the support and
6 maintenance of each such child until the child reaches age 18.
7 The total pension provided under this paragraph shall not
8 exceed 75% of the monthly salary of the deceased police officer
9 (1) when paid to the survivor of a police officer who has
10 attained 20 or more years of service credit and who receives or
11 is eligible to receive a retirement pension under this Article,
12 (2) when paid to the survivor of a police officer who dies as a
13 result of illness or accident, (3) when paid to the survivor of
14 a police officer who dies from any cause while in receipt of a
15 disability pension under this Article, or (4) when paid to the
16 survivor of a deferred pensioner. Nothing in this subsection
17 (a) shall act to diminish the survivor's benefits described in
18 subsection (e) of this Section.

19 Notwithstanding Section 1-103.1, the changes made to this
20 subsection apply without regard to whether the deceased police
21 officer was in service on or after the effective date of this
22 amendatory Act of the 101st General Assembly.

23 Notwithstanding any other provision of this Article, the
24 monthly pension of a survivor of a person who first becomes a
25 police officer under this Article on or after January 1, 2011
26 shall be increased on the January 1 after attainment of age 60

1 by the recipient of the survivor's pension and each January 1
2 thereafter by 3% or one-half the annual unadjusted percentage
3 increase (but not less than zero) in the consumer price index-u
4 for the 12 months ending with the September preceding each
5 November 1, whichever is less, of the originally granted
6 survivor's pension. If the annual unadjusted percentage change
7 in the consumer price index-u for a 12-month period ending in
8 September is zero or, when compared with the preceding period,
9 decreases, then the survivor's pension shall not be increased.

10 For the purposes of this subsection (a), "consumer price
11 index-u" means the index published by the Bureau of Labor
12 Statistics of the United States Department of Labor that
13 measures the average change in prices of goods and services
14 purchased by all urban consumers, United States city average,
15 all items, 1982-84 = 100. The new amount resulting from each
16 annual adjustment shall be determined by the Public Pension
17 Division of the Department of Insurance and made available to
18 the boards of the pension funds.

19 (b) Upon the death of a police officer while in service,
20 having at least 20 years of creditable service, or upon the
21 death of a police officer who retired from service with at
22 least 20 years of creditable service, whether death occurs
23 before or after attainment of age 50, the pension earned by the
24 police officer as of the date of death as provided in Section
25 3-111 shall be paid to the survivors in the sequence provided
26 in subsection (a) of this Section.

1 (c) Upon the death of a police officer while in service,
2 having at least 10 but less than 20 years of service, a pension
3 of 1/2 of the salary attached to the rank or ranks held by the
4 officer for one year immediately prior to death shall be
5 payable to the survivors in the sequence provided in subsection
6 (a) of this Section. If death occurs as a result of the
7 performance of duty, the 10 year requirement shall not apply
8 and the pension to survivors shall be payable after any period
9 of service.

10 (d) Beginning July 1, 1987, a minimum pension of \$400 per
11 month shall be paid to all surviving spouses, without regard to
12 the fact that the death of the police officer occurred prior to
13 that date. If the minimum pension established in Section
14 3-113.1 is greater than the minimum provided in this
15 subsection, the Section 3-113.1 minimum controls.

16 (e) The pension of the surviving spouse of a police officer
17 who dies (i) on or after January 1, 2001, (ii) without having
18 begun to receive either a retirement pension payable under
19 Section 3-111 or a disability pension payable under Section
20 3-114.1, 3-114.2, 3-114.3, or 3-114.6, and (iii) as a result of
21 sickness, accident, or injury incurred in or resulting from the
22 performance of an act of duty shall not be less than 100% of
23 the salary attached to the rank held by the deceased police
24 officer on the last day of service, notwithstanding any
25 provision in this Article to the contrary.

26 (Source: P.A. 96-1495, eff. 1-1-11.)

1 (40 ILCS 5/3-124.3 new)

2 Sec. 3-124.3. Authority of the fund. Subject to Section
3 3-141.1, the fund shall retain the exclusive authority to
4 adjudicate and award disability benefits pursuant to Sections
5 3-114.1, 3-114.2, and 3-114.3, retirement benefits pursuant to
6 Section 3-111, and survivor benefits under Sections 3-112 and
7 3-113.1 and to issue refunds pursuant to Section 3-124. The
8 exclusive method of judicial review of any final administrative
9 decision of the fund shall be made in accordance with Section
10 3-148. The Police Officers' Pension Investment Fund
11 established under Article 22B of this Code shall not have the
12 authority to control, alter, or modify, or the ability to
13 review or intervene in, the proceedings or decisions of the
14 fund as otherwise provided in this Section.

15 (40 ILCS 5/3-125) (from Ch. 108 1/2, par. 3-125)

16 Sec. 3-125. Financing.

17 (a) The city council or the board of trustees of the
18 municipality shall annually levy a tax upon all the taxable
19 property of the municipality at the rate on the dollar which
20 will produce an amount which, when added to the deductions from
21 the salaries or wages of police officers, and revenues
22 available from other sources, will equal a sum sufficient to
23 meet the annual requirements of the police pension fund. The
24 annual requirements to be provided by such tax levy are equal

1 to (1) the normal cost of the pension fund for the year
2 involved, plus (2) an amount sufficient to bring the total
3 assets of the pension fund up to 90% of the total actuarial
4 liabilities of the pension fund by the end of municipal fiscal
5 year 2040, as annually updated and determined by an enrolled
6 actuary employed by the Illinois Department of Insurance or by
7 an enrolled actuary retained by the pension fund or the
8 municipality. In making these determinations, the required
9 minimum employer contribution shall be calculated each year as
10 a level percentage of payroll over the years remaining up to
11 and including fiscal year 2040 and shall be determined under
12 the projected unit credit actuarial cost method. The tax shall
13 be levied and collected in the same manner as the general taxes
14 of the municipality, and in addition to all other taxes now or
15 hereafter authorized to be levied upon all property within the
16 municipality, and shall be in addition to the amount authorized
17 to be levied for general purposes as provided by Section 8-3-1
18 of the Illinois Municipal Code, approved May 29, 1961, as
19 amended. The tax shall be forwarded directly to the treasurer
20 of the board within 30 business days after receipt by the
21 county.

22 (b) For purposes of determining the required employer
23 contribution to a pension fund, the value of the pension fund's
24 assets shall be equal to the actuarial value of the pension
25 fund's assets, which shall be calculated as follows:

26 (1) On March 30, 2011, the actuarial value of a pension

1 fund's assets shall be equal to the market value of the
2 assets as of that date.

3 (2) In determining the actuarial value of the System's
4 assets for fiscal years after March 30, 2011, any actuarial
5 gains or losses from investment return incurred in a fiscal
6 year shall be recognized in equal annual amounts over the
7 5-year period following that fiscal year.

8 (c) If a participating municipality fails to transmit to
9 the fund contributions required of it under this Article for
10 more than 90 days after the payment of those contributions is
11 due, the fund may, after giving notice to the municipality,
12 certify to the State Comptroller the amounts of the delinquent
13 payments in accordance with any applicable rules of the
14 Comptroller, and the Comptroller must, beginning in fiscal year
15 2016, deduct and remit to the fund the certified amounts or a
16 portion of those amounts from the following proportions of
17 payments of State funds to the municipality:

18 (1) in fiscal year 2016, one-third of the total amount
19 of any payments of State funds to the municipality;

20 (2) in fiscal year 2017, two-thirds of the total amount
21 of any payments of State funds to the municipality; and

22 (3) in fiscal year 2018 and each fiscal year
23 thereafter, the total amount of any payments of State funds
24 to the municipality.

25 The State Comptroller may not deduct from any payments of
26 State funds to the municipality more than the amount of

1 delinquent payments certified to the State Comptroller by the
2 fund.

3 (d) The police pension fund shall consist of the following
4 moneys which shall be set apart by the treasurer of the
5 municipality:

6 (1) All moneys derived from the taxes levied hereunder;

7 (2) Contributions by police officers under Section
8 3-125.1;

9 (2.5) All moneys received from the Police Officers'
10 Pension Investment Fund as provided in Article 22B of this
11 Code;

12 (3) All moneys accumulated by the municipality under
13 any previous legislation establishing a fund for the
14 benefit of disabled or retired police officers;

15 (4) Donations, gifts or other transfers authorized by
16 this Article.

17 (e) The Commission on Government Forecasting and
18 Accountability shall conduct a study of all funds established
19 under this Article and shall report its findings to the General
20 Assembly on or before January 1, 2013. To the fullest extent
21 possible, the study shall include, but not be limited to, the
22 following:

23 (1) fund balances;

24 (2) historical employer contribution rates for each
25 fund;

26 (3) the actuarial formulas used as a basis for employer

1 contributions, including the actual assumed rate of return
2 for each year, for each fund;

3 (4) available contribution funding sources;

4 (5) the impact of any revenue limitations caused by
5 PTELL and employer home rule or non-home rule status; and

6 (6) existing statutory funding compliance procedures
7 and funding enforcement mechanisms for all municipal
8 pension funds.

9 (Source: P.A. 99-8, eff. 7-9-15.)

10 (40 ILCS 5/3-132) (from Ch. 108 1/2, par. 3-132)

11 Sec. 3-132. To control and manage the Pension Fund. In
12 accordance with the applicable provisions of Articles 1 and 1A
13 and this Article, to control and manage, exclusively, the
14 following:

15 (1) the pension fund,

16 (2) until the board's investment authority is
17 terminated pursuant to Section 3-132.1, investment
18 expenditures and income, including interest dividends,
19 capital gains and other distributions on the investments,
20 and

21 (3) all money donated, paid, assessed, or provided by
22 law for the pensioning of disabled and retired police
23 officers, their surviving spouses, minor children, and
24 dependent parents.

25 All money received or collected shall be credited by the

1 treasurer of the municipality to the account of the pension
2 fund and held by the treasurer of the municipality subject to
3 the order and control of the board. The treasurer of the
4 municipality shall maintain a record of all money received,
5 transferred, and held for the account of the board.

6 (Source: P.A. 90-507, eff. 8-22-97.)

7 (40 ILCS 5/3-132.1 new)

8 Sec. 3-132.1. To transfer investment authority to the
9 Police Officers' Pension Investment Fund. As soon as
10 practicable after the effective date of this amendatory Act of
11 the 101st General Assembly, but no later than 30 months after
12 the effective date of this amendatory Act of the 101st General
13 Assembly, each transferor pension fund shall transfer, in
14 accordance with the requirements of Section 22B-120, to the
15 Police Officers' Pension Investment Fund created under Article
16 22B for management and investment all of their securities or
17 for which commitments have been made, and all funds, assets, or
18 moneys representing permanent or temporary investments, or
19 cash reserves maintained for the purpose of obtaining income
20 thereon. Upon the transfer of such securities, funds, assets,
21 and moneys of a transferor pension fund to the Police Officers'
22 Pension Investment Fund, the transferor pension fund shall not
23 manage or control the same and shall no longer exercise any
24 investment authority pursuant to Section 3-135 of this Code,
25 notwithstanding any other provision of this Article to the

1 contrary.

2 Nothing in this Section prohibits a fund under this Article
3 from maintaining an account, including an interest earning
4 account, for the purposes of benefit payments and other
5 reasonable expenses after the end of the transition period as
6 defined in Section 22B-112, and funds under this Article are
7 encouraged to consider a local bank or financial institution to
8 provide such accounts and related financial services.

9 (40 ILCS 5/4-109) (from Ch. 108 1/2, par. 4-109)

10 Sec. 4-109. Pension.

11 (a) A firefighter age 50 or more with 20 or more years of
12 creditable service, who is no longer in service as a
13 firefighter, shall receive a monthly pension of 1/2 the monthly
14 salary attached to the rank held by him or her in the fire
15 service at the date of retirement.

16 The monthly pension shall be increased by 1/12 of 2.5% of
17 such monthly salary for each additional month over 20 years of
18 service through 30 years of service, to a maximum of 75% of
19 such monthly salary.

20 The changes made to this subsection (a) by this amendatory
21 Act of the 91st General Assembly apply to all pensions that
22 become payable under this subsection on or after January 1,
23 1999. All pensions payable under this subsection that began on
24 or after January 1, 1999 and before the effective date of this
25 amendatory Act shall be recalculated, and the amount of the

1 increase accruing for that period shall be payable to the
2 pensioner in a lump sum.

3 (b) A firefighter who retires or is separated from service
4 having at least 10 but less than 20 years of creditable
5 service, who is not entitled to receive a disability pension,
6 and who did not apply for a refund of contributions at his or
7 her last separation from service shall receive a monthly
8 pension upon attainment of age 60 based on the monthly salary
9 attached to his or her rank in the fire service on the date of
10 retirement or separation from service according to the
11 following schedule:

12 For 10 years of service, 15% of salary;
13 For 11 years of service, 17.6% of salary;
14 For 12 years of service, 20.4% of salary;
15 For 13 years of service, 23.4% of salary;
16 For 14 years of service, 26.6% of salary;
17 For 15 years of service, 30% of salary;
18 For 16 years of service, 33.6% of salary;
19 For 17 years of service, 37.4% of salary;
20 For 18 years of service, 41.4% of salary;
21 For 19 years of service, 45.6% of salary.

22 (c) Notwithstanding any other provision of this Article,
23 the provisions of this subsection (c) apply to a person who
24 first becomes a firefighter under this Article on or after
25 January 1, 2011.

26 A firefighter age 55 or more who has 10 or more years of

1 service in that capacity shall be entitled at his option to
2 receive a monthly pension for his service as a firefighter
3 computed by multiplying 2.5% for each year of such service by
4 his or her final average salary.

5 The pension of a firefighter who is retiring after
6 attaining age 50 with 10 or more years of creditable service
7 shall be reduced by one-half of 1% for each month that the
8 firefighter's age is under age 55.

9 The maximum pension under this subsection (c) shall be 75%
10 of final average salary.

11 For the purposes of this subsection (c), "final average
12 salary" means the greater of: (i) the average monthly salary
13 obtained by dividing the total salary of the firefighter during
14 the ~~48~~ 96 consecutive months of service within the last ~~60~~ 120
15 months of service in which the total salary was the highest by
16 the number of months of service in that period; or (ii) the
17 average monthly salary obtained by dividing the total salary of
18 the firefighter during the 96 consecutive months of service
19 within the last 120 months of service in which the total salary
20 was the highest by the number of months of service in that
21 period.

22 Beginning on January 1, 2011, for all purposes under this
23 Code (including without limitation the calculation of benefits
24 and employee contributions), the annual salary based on the
25 plan year of a member or participant to whom this Section
26 applies shall not exceed \$106,800; however, that amount shall

1 annually thereafter be increased by the lesser of (i) 3% of
2 that amount, including all previous adjustments, or (ii)
3 ~~one-half~~ the annual unadjusted percentage increase (but not
4 less than zero) in the consumer price index-u for the 12 months
5 ending with the September preceding each November 1, including
6 all previous adjustments.

7 Nothing in this amendatory Act of the 101st General
8 Assembly shall cause or otherwise result in any retroactive
9 adjustment of any employee contributions.

10 (Source: P.A. 96-1495, eff. 1-1-11.)

11 (40 ILCS 5/4-114) (from Ch. 108 1/2, par. 4-114)

12 Sec. 4-114. Pension to survivors. If a firefighter who is
13 not receiving a disability pension under Section 4-110 or
14 4-110.1 dies (1) as a result of any illness or accident, or (2)
15 from any cause while in receipt of a disability pension under
16 this Article, or (3) during retirement after 20 years service,
17 or (4) while vested for or in receipt of a pension payable
18 under subsection (b) of Section 4-109, or (5) while a deferred
19 pensioner, having made all required contributions, a pension
20 shall be paid to his or her survivors, based on the monthly
21 salary attached to the firefighter's rank on the last day of
22 service in the fire department, as follows:

23 (a) (1) To the surviving spouse, a monthly pension of
24 40% of the monthly salary, and if there is a surviving
25 spouse, to the guardian of any minor child or children

1 including a child which has been conceived but not yet
2 born, 12% of such monthly salary for each such child until
3 attainment of age 18 or until the child's marriage,
4 whichever occurs first. Beginning July 1, 1993, the monthly
5 pension to the surviving spouse shall be 54% of the monthly
6 salary for all persons receiving a surviving spouse pension
7 under this Article, regardless of whether the deceased
8 firefighter was in service on or after the effective date
9 of this amendatory Act of 1993.

10 (2) Beginning July 1, 2004, unless the amount provided
11 under paragraph (1) of this subsection (a) is greater, the
12 total monthly pension payable under this paragraph (a),
13 including any amount payable on account of children, to the
14 surviving spouse of a firefighter who died (i) while
15 receiving a retirement pension, (ii) while he or she was a
16 deferred pensioner with at least 20 years of creditable
17 service, or (iii) while he or she was in active service
18 having at least 20 years of creditable service, regardless
19 of age, shall be no less than 100% of the monthly
20 retirement pension earned by the deceased firefighter at
21 the time of death, regardless of whether death occurs
22 before or after attainment of age 50, including any
23 increases under Section 4-109.1. This minimum applies to
24 all such surviving spouses who are eligible to receive a
25 surviving spouse pension, regardless of whether the
26 deceased firefighter was in service on or after the

1 effective date of this amendatory Act of the 93rd General
2 Assembly, and notwithstanding any limitation on maximum
3 pension under paragraph (d) or any other provision of this
4 Article.

5 (3) If the pension paid on and after July 1, 2004 to
6 the surviving spouse of a firefighter who died on or after
7 July 1, 2004 and before the effective date of this
8 amendatory Act of the 93rd General Assembly was less than
9 the minimum pension payable under paragraph (1) or (2) of
10 this subsection (a), the fund shall pay a lump sum equal to
11 the difference within 90 days after the effective date of
12 this amendatory Act of the 93rd General Assembly.

13 The pension to the surviving spouse shall terminate in
14 the event of the surviving spouse's remarriage prior to
15 July 1, 1993; remarriage on or after that date does not
16 affect the surviving spouse's pension, regardless of
17 whether the deceased firefighter was in service on or after
18 the effective date of this amendatory Act of 1993.

19 The surviving spouse's pension shall be subject to the
20 minimum established in Section 4-109.2.

21 (b) Upon the death of the surviving spouse leaving one
22 or more minor children, or upon the death of a firefighter
23 leaving one or more minor children but no surviving spouse,
24 to the duly appointed guardian of each such child, for
25 support and maintenance of each such child until the child
26 reaches age 18 or marries, whichever occurs first, a

1 monthly pension of 20% of the monthly salary.

2 In a case where the deceased firefighter left one or
3 more minor children but no surviving spouse and the
4 guardian of a child is receiving a pension of 12% of the
5 monthly salary on August 16, 2013 (the effective date of
6 Public Act 98-391), the pension is increased by Public Act
7 98-391 to 20% of the monthly salary for each such child,
8 beginning on the pension payment date occurring on or next
9 following August 16, 2013. The changes to this Section made
10 by Public Act 98-391 apply without regard to whether the
11 deceased firefighter was in service on or after August 16,
12 2013.

13 (c) If a deceased firefighter leaves no surviving
14 spouse or unmarried minor children under age 18, but leaves
15 a dependent father or mother, to each dependent parent a
16 monthly pension of 18% of the monthly salary. To qualify
17 for the pension, a dependent parent must furnish
18 satisfactory proof that the deceased firefighter was at the
19 time of his or her death the sole supporter of the parent
20 or that the parent was the deceased's dependent for federal
21 income tax purposes.

22 (d) The total pension provided under paragraphs (a),
23 (b) and (c) of this Section shall not exceed 75% of the
24 monthly salary of the deceased firefighter (1) when paid to
25 the survivor of a firefighter who has attained 20 or more
26 years of service credit and who receives or is eligible to

1 receive a retirement pension under this Article, or (2)
2 when paid to the survivor of a firefighter who dies as a
3 result of illness or accident, or (3) when paid to the
4 survivor of a firefighter who dies from any cause while in
5 receipt of a disability pension under this Article, or (4)
6 when paid to the survivor of a deferred pensioner. For all
7 other survivors of deceased firefighters, the total
8 pension provided under paragraphs (a), (b) and (c) of this
9 Section shall not exceed 50% of the retirement annuity the
10 firefighter would have received on the date of death.

11 The maximum pension limitations in this paragraph (d)
12 do not control over any contrary provision of this Article
13 explicitly establishing a minimum amount of pension or
14 granting a one-time or annual increase in pension.

15 (e) If a firefighter leaves no eligible survivors under
16 paragraphs (a), (b) and (c), the board shall refund to the
17 firefighter's estate the amount of his or her accumulated
18 contributions, less the amount of pension payments, if any,
19 made to the firefighter while living.

20 (f) (Blank).

21 (g) If a judgment of dissolution of marriage between a
22 firefighter and spouse is judicially set aside subsequent
23 to the firefighter's death, the surviving spouse is
24 eligible for the pension provided in paragraph (a) only if
25 the judicial proceedings are filed within 2 years after the
26 date of the dissolution of marriage and within one year

1 after the firefighter's death and the board is made a party
2 to the proceedings. In such case the pension shall be
3 payable only from the date of the court's order setting
4 aside the judgment of dissolution of marriage.

5 (h) Benefits payable on account of a child under this
6 Section shall not be reduced or terminated by reason of the
7 child's attainment of age 18 if he or she is then dependent
8 by reason of a physical or mental disability but shall
9 continue to be paid as long as such dependency continues.
10 Individuals over the age of 18 and adjudged as a disabled
11 person pursuant to Article XIa of the Probate Act of 1975,
12 except for persons receiving benefits under Article III of
13 the Illinois Public Aid Code, shall be eligible to receive
14 benefits under this Act.

15 (i) Beginning January 1, 2000, the pension of the
16 surviving spouse of a firefighter who dies on or after
17 January 1, 1994 as a result of sickness, accident, or
18 injury incurred in or resulting from the performance of an
19 act of duty or from the cumulative effects of acts of duty
20 shall not be less than 100% of the salary attached to the
21 rank held by the deceased firefighter on the last day of
22 service, notwithstanding subsection (d) or any other
23 provision of this Article.

24 (j) Beginning July 1, 2004, the pension of the
25 surviving spouse of a firefighter who dies on or after
26 January 1, 1988 as a result of sickness, accident, or

1 injury incurred in or resulting from the performance of an
2 act of duty or from the cumulative effects of acts of duty
3 shall not be less than 100% of the salary attached to the
4 rank held by the deceased firefighter on the last day of
5 service, notwithstanding subsection (d) or any other
6 provision of this Article.

7 Notwithstanding any other provision of this Article, if a
8 person who first becomes a firefighter under this Article on or
9 after January 1, 2011 and who is not receiving a disability
10 pension under Section 4-110 or 4-110.1 dies (1) as a result of
11 any illness or accident, (2) from any cause while in receipt of
12 a disability pension under this Article, (3) during retirement
13 after 20 years service, (4) while vested for or in receipt of a
14 pension payable under subsection (b) of Section 4-109, or (5)
15 while a deferred pensioner, having made all required
16 contributions, then a pension shall be paid to his or her
17 survivors in an the amount equal to the greater of (i) 54% of
18 the firefighter's monthly salary at the date of death, or (ii)
19 of 66 2/3% of the firefighter's earned pension at the date of
20 death, and, if there is a surviving spouse, 12% of such monthly
21 salary shall be granted to the guardian of any minor child or
22 children, including a child who has been conceived but not yet
23 born, for each such child until attainment of age 18. Upon the
24 death of the surviving spouse leaving one or more minor
25 children, or upon the death of a firefighter leaving one or
26 more minor children but no surviving spouse, a monthly pension

1 of 20% of the monthly salary shall be granted to the duly
2 appointed guardian of each such child for the support and
3 maintenance of each such child until the child reaches age 18.
4 The total pension provided under this paragraph shall not
5 exceed 75% of the monthly salary of the deceased firefighter
6 (1) when paid to the survivor of a firefighter who has attained
7 20 or more years of service credit and who receives or is
8 eligible to receive a retirement pension under this Article,
9 (2) when paid to the survivor of a firefighter who dies as a
10 result of illness or accident, (3) when paid to the survivor of
11 a firefighter who dies from any cause while in receipt of a
12 disability pension under this Article, or (4) when paid to the
13 survivor of a deferred pensioner. Nothing in this Section shall
14 act to diminish the survivor's benefits described in subsection
15 (j) of this Section.

16 Notwithstanding Section 1-103.1, the changes made to this
17 subsection apply without regard to whether the deceased
18 firefighter was in service on or after the effective date of
19 this amendatory Act of the 101st General Assembly.

20 Notwithstanding any other provision of this Article, the
21 monthly pension of a survivor of a person who first becomes a
22 firefighter under this Article on or after January 1, 2011
23 shall be increased on the January 1 after attainment of age 60
24 by the recipient of the survivor's pension and each January 1
25 thereafter by 3% or one-half the annual unadjusted percentage
26 increase in the consumer price index-u for the 12 months ending

1 with the September preceding each November 1, whichever is
2 less, of the originally granted survivor's pension. If the
3 annual unadjusted percentage change in the consumer price
4 index-u for a 12-month period ending in September is zero or,
5 when compared with the preceding period, decreases, then the
6 survivor's pension shall not be increased.

7 For the purposes of this Section, "consumer price index-u"
8 means the index published by the Bureau of Labor Statistics of
9 the United States Department of Labor that measures the average
10 change in prices of goods and services purchased by all urban
11 consumers, United States city average, all items, 1982-84 =
12 100. The new amount resulting from each annual adjustment shall
13 be determined by the Public Pension Division of the Department
14 of Insurance and made available to the boards of the pension
15 funds.

16 (Source: P.A. 98-391, eff. 8-16-13; 98-756, eff. 7-16-14.)

17 (40 ILCS 5/4-117.2 new)

18 Sec. 4-117.2. Authority of the fund. The fund shall retain
19 the exclusive authority to adjudicate and award disability
20 benefits, retirement benefits, and survivor benefits under
21 this Article and to issue refunds under this Article. The
22 exclusive method of judicial review of any final administrative
23 decision of the fund shall be made in accordance with Section
24 4-139. The Firefighters' Pension Investment Fund established
25 under Article 22C of this Code shall not have the authority to

1 control, alter, or modify, or the ability to review or
2 intervene in, the proceedings or decisions of the fund as
3 otherwise provided in this Section.

4 (40 ILCS 5/4-118) (from Ch. 108 1/2, par. 4-118)

5 Sec. 4-118. Financing.

6 (a) The city council or the board of trustees of the
7 municipality shall annually levy a tax upon all the taxable
8 property of the municipality at the rate on the dollar which
9 will produce an amount which, when added to the deductions from
10 the salaries or wages of firefighters and revenues available
11 from other sources, will equal a sum sufficient to meet the
12 annual actuarial requirements of the pension fund, as
13 determined by an enrolled actuary employed by the Illinois
14 Department of Insurance or by an enrolled actuary retained by
15 the pension fund or municipality. For the purposes of this
16 Section, the annual actuarial requirements of the pension fund
17 are equal to (1) the normal cost of the pension fund, or 17.5%
18 of the salaries and wages to be paid to firefighters for the
19 year involved, whichever is greater, plus (2) an annual amount
20 sufficient to bring the total assets of the pension fund up to
21 90% of the total actuarial liabilities of the pension fund by
22 the end of municipal fiscal year 2040, as annually updated and
23 determined by an enrolled actuary employed by the Illinois
24 Department of Insurance or by an enrolled actuary retained by
25 the pension fund or the municipality. In making these

1 determinations, the required minimum employer contribution
2 shall be calculated each year as a level percentage of payroll
3 over the years remaining up to and including fiscal year 2040
4 and shall be determined under the projected unit credit
5 actuarial cost method. The amount to be applied towards the
6 amortization of the unfunded accrued liability in any year
7 shall not be less than the annual amount required to amortize
8 the unfunded accrued liability, including interest, as a level
9 percentage of payroll over the number of years remaining in the
10 40 year amortization period.

11 (a-2) A municipality that has established a pension fund
12 under this Article and who employs a full-time firefighter, as
13 defined in Section 4-106, shall be deemed a primary employer
14 with respect to that full-time firefighter. Any municipality of
15 5,000 or more inhabitants that employs or enrolls a firefighter
16 while that firefighter continues to earn service credit as a
17 participant in a primary employer's pension fund under this
18 Article shall be deemed a secondary employer and such employees
19 shall be deemed to be secondary employee firefighters. To
20 ensure that the primary employer's pension fund under this
21 Article is aware of additional liabilities and risks to which
22 firefighters are exposed when performing work as firefighters
23 for secondary employers, a secondary employer shall annually
24 prepare a report accounting for all hours worked by and wages
25 and salaries paid to the secondary employee firefighters it
26 receives services from or employs for each fiscal year in which

1 such firefighters are employed and transmit a certified copy of
2 that report to the primary employer's pension fund and the
3 secondary employee firefighter no later than 30 days after the
4 end of any fiscal year in which wages were paid to the
5 secondary employee firefighters.

6 Nothing in this Section shall be construed to allow a
7 secondary employee to qualify for benefits or creditable
8 service for employment as a firefighter for a secondary
9 employer.

10 (a-5) For purposes of determining the required employer
11 contribution to a pension fund, the value of the pension fund's
12 assets shall be equal to the actuarial value of the pension
13 fund's assets, which shall be calculated as follows:

14 (1) On March 30, 2011, the actuarial value of a pension
15 fund's assets shall be equal to the market value of the
16 assets as of that date.

17 (2) In determining the actuarial value of the pension
18 fund's assets for fiscal years after March 30, 2011, any
19 actuarial gains or losses from investment return incurred
20 in a fiscal year shall be recognized in equal annual
21 amounts over the 5-year period following that fiscal year.

22 (b) The tax shall be levied and collected in the same
23 manner as the general taxes of the municipality, and shall be
24 in addition to all other taxes now or hereafter authorized to
25 be levied upon all property within the municipality, and in
26 addition to the amount authorized to be levied for general

1 purposes, under Section 8-3-1 of the Illinois Municipal Code or
2 under Section 14 of the Fire Protection District Act. The tax
3 shall be forwarded directly to the treasurer of the board
4 within 30 business days of receipt by the county (or, in the
5 case of amounts added to the tax levy under subsection (f),
6 used by the municipality to pay the employer contributions
7 required under subsection (b-1) of Section 15-155 of this
8 Code).

9 (b-5) If a participating municipality fails to transmit to
10 the fund contributions required of it under this Article for
11 more than 90 days after the payment of those contributions is
12 due, the fund may, after giving notice to the municipality,
13 certify to the State Comptroller the amounts of the delinquent
14 payments in accordance with any applicable rules of the
15 Comptroller, and the Comptroller must, beginning in fiscal year
16 2016, deduct and remit to the fund the certified amounts or a
17 portion of those amounts from the following proportions of
18 payments of State funds to the municipality:

19 (1) in fiscal year 2016, one-third of the total amount
20 of any payments of State funds to the municipality;

21 (2) in fiscal year 2017, two-thirds of the total amount
22 of any payments of State funds to the municipality; and

23 (3) in fiscal year 2018 and each fiscal year
24 thereafter, the total amount of any payments of State funds
25 to the municipality.

26 The State Comptroller may not deduct from any payments of

1 State funds to the municipality more than the amount of
2 delinquent payments certified to the State Comptroller by the
3 fund.

4 (c) The board shall make available to the membership and
5 the general public for inspection and copying at reasonable
6 times the most recent Actuarial Valuation Balance Sheet and Tax
7 Levy Requirement issued to the fund by the Department of
8 Insurance.

9 (d) The firefighters' pension fund shall consist of the
10 following moneys which shall be set apart by the treasurer of
11 the municipality: (1) all moneys derived from the taxes levied
12 hereunder; (2) contributions by firefighters as provided under
13 Section 4-118.1; (2.5) all moneys received from the
14 Firefighters' Pension Investment Fund as provided in Article
15 22C of this Code; (3) all rewards in money, fees, gifts, and
16 emoluments that may be paid or given for or on account of
17 extraordinary service by the fire department or any member
18 thereof, except when allowed to be retained by competitive
19 awards; and (4) any money, real estate or personal property
20 received by the board.

21 (e) For the purposes of this Section, "enrolled actuary"
22 means an actuary: (1) who is a member of the Society of
23 Actuaries or the American Academy of Actuaries; and (2) who is
24 enrolled under Subtitle C of Title III of the Employee
25 Retirement Income Security Act of 1974, or who has been engaged
26 in providing actuarial services to one or more public

1 retirement systems for a period of at least 3 years as of July
2 1, 1983.

3 (f) The corporate authorities of a municipality that
4 employs a person who is described in subdivision (d) of Section
5 4-106 may add to the tax levy otherwise provided for in this
6 Section an amount equal to the projected cost of the employer
7 contributions required to be paid by the municipality to the
8 State Universities Retirement System under subsection (b-1) of
9 Section 15-155 of this Code.

10 (g) The Commission on Government Forecasting and
11 Accountability shall conduct a study of all funds established
12 under this Article and shall report its findings to the General
13 Assembly on or before January 1, 2013. To the fullest extent
14 possible, the study shall include, but not be limited to, the
15 following:

16 (1) fund balances;

17 (2) historical employer contribution rates for each
18 fund;

19 (3) the actuarial formulas used as a basis for employer
20 contributions, including the actual assumed rate of return
21 for each year, for each fund;

22 (4) available contribution funding sources;

23 (5) the impact of any revenue limitations caused by
24 PTELL and employer home rule or non-home rule status; and

25 (6) existing statutory funding compliance procedures
26 and funding enforcement mechanisms for all municipal

1 pension funds.

2 (Source: P.A. 101-522, eff. 8-23-19.)

3 (40 ILCS 5/4-123) (from Ch. 108 1/2, par. 4-123)

4 Sec. 4-123. To control and manage the Pension Fund. In
5 accordance with the applicable provisions of Articles 1 and 1A
6 and this Article, to control and manage, exclusively, the
7 following:

8 (1) the pension fund,

9 (2) until the board's investment authority is
10 terminated pursuant to Section 4-123.2, investment
11 expenditures and income, including interest dividends,
12 capital gains, and other distributions on the investments,
13 and

14 (3) all money donated, paid, assessed, or provided by
15 law for the pensioning of disabled and retired
16 firefighters, their surviving spouses, minor children, and
17 dependent parents.

18 All money received or collected shall be credited by the
19 treasurer of the municipality to the account of the pension
20 fund and held by the treasurer of the municipality subject to
21 the order and control of the board. The treasurer of the
22 municipality shall maintain a record of all money received,
23 transferred, and held for the account of the board.

24 (Source: P.A. 90-507, eff. 8-22-97.)

1 (40 ILCS 5/4-123.2 new)

2 Sec. 4-123.2. To transfer investment authority to the
3 Firefighters' Pension Investment Fund. As soon as practicable
4 after the effective date of this amendatory Act of the 101st
5 General Assembly, but no later than 30 months after the
6 effective date of this amendatory Act of the 101st General
7 Assembly, each transferor pension fund shall transfer, in
8 accordance with the requirements of Section 22C-120 to the
9 Firefighters' Pension Investment Fund created under Article
10 22C for management and investment all of their securities or
11 for which commitments have been made, and all funds, assets, or
12 moneys representing permanent or temporary investments, or
13 cash reserves maintained for the purpose of obtaining income
14 thereon. Upon the transfer of such securities, funds, assets,
15 and moneys of a transferor pension fund to the Firefighters'
16 Pension Investment Fund, the transferor pension fund shall not
17 manage or control the same and shall no longer exercise any
18 investment authority pursuant to Section 4-128 of this Code,
19 notwithstanding any other provision of this Article to the
20 contrary.

21 Nothing in this Section prohibits a fund under this Article
22 from maintaining an account, including an interest earning
23 account, for the purposes of benefit payments and other
24 reasonable expenses after the end of the transition period as
25 defined in Section 22C-112, and funds under this Article are
26 encouraged to consider a local bank or financial institution to

1 provide such accounts and related financial services.

2 (40 ILCS 5/7-159) (from Ch. 108 1/2, par. 7-159)

3 Sec. 7-159. Surviving spouse annuity - refund of survivor
4 credits.

5 (a) Any employee annuitant who (1) upon the date a
6 retirement annuity begins is not then married, or (2) is
7 married to a person who would not qualify for surviving spouse
8 annuity if the person died on such date, is entitled to a
9 refund of the survivor credits including interest accumulated
10 on the date the annuity begins, excluding survivor credits and
11 interest thereon credited during periods of disability, and no
12 spouse shall have a right to any surviving spouse annuity from
13 this Fund. If the employee annuitant reenters service and upon
14 subsequent retirement has a spouse who would qualify for a
15 surviving spouse annuity, the employee annuitant may pay the
16 fund the amount of the refund plus interest at the effective
17 rate at the date of payment. The payment shall qualify the
18 spouse for a surviving spouse annuity and the amount paid shall
19 be considered as survivor contributions.

20 (b) Instead of a refund under subsection (a), the retiring
21 employee may elect to convert the amount of the refund into an
22 annuity, payable separately from the retirement annuity. If the
23 annuitant dies before the guaranteed amount has been
24 distributed, the remainder shall be paid in a lump sum to the
25 designated beneficiary of the annuitant. The Board shall adopt

1 any rules necessary for the implementation of this subsection.

2 (c) An annuitant who retired prior to June 1, 2011 and
3 received a refund of survivor credits under subsection (a), and
4 who thereafter became, and remains, either:

5 (1) a party to a civil union or a party to a legal
6 relationship that is recognized as a civil union or
7 marriage under the Illinois Religious Freedom Protection
8 and Civil Union Act on or after June 1, 2011; or

9 (2) a party to a marriage under the Illinois Marriage
10 and Dissolution of Marriage Act on or after February 26,
11 2014; or

12 (3) a party to a marriage, civil union or other legal
13 relationship that, at the time it was formed, was not
14 legally recognized in Illinois but was subsequently
15 recognized as a civil union or marriage under the Illinois
16 Religious Freedom Protection and Civil Union Act on or
17 after June 1, 2011, a marriage under the Illinois Marriage
18 and Dissolution of Marriage Act on or after February 26,
19 2014, or both;

20 may, within a period of one year beginning 5 months after the
21 effective date of this amendatory Act of the 99th General
22 Assembly, make an election to re-establish rights to a
23 surviving spouse annuity under Sections 7-154 through 7-158
24 (notwithstanding the eligibility requirements of paragraph
25 (a) (1) of Section 7-154), by paying to the Fund: (1) the total
26 amount of the refund received for survivor credits; and (2)

1 interest thereon at the actuarially assumed rate of return from
2 the date of the refund to the date of payment. Such election
3 must be made prior to the date of death of the annuitant.

4 The Fund may allow the annuitant to repay this refund over
5 a period of not more than 24 months. To the extent permitted by
6 the Internal Revenue Code of 1986, as amended, for federal and
7 State tax purposes, if a member pays in monthly installments by
8 reducing the monthly benefit by the amount of the otherwise
9 applicable contribution, the monthly amount by which the
10 annuitant's benefit is reduced shall not be treated as a
11 contribution by the annuitant but rather as a reduction of the
12 annuitant's monthly benefit.

13 If an annuitant makes an election under this subsection (c)
14 and the contributions required are not paid in full, an
15 otherwise qualifying spouse shall be given the option to make
16 an additional lump sum payment of the remaining contributions
17 and qualify for a surviving spouse annuity. Otherwise, an
18 additional refund representing contributions made hereunder
19 shall be paid at the annuitant's death and there shall be no
20 surviving spouse annuity paid.

21 (d) Any surviving spouse of an annuitant who (1) retired
22 prior to June 1, 2011, (2) was not married on the date the
23 retirement annuity began, (3) received a refund of survivor
24 credits under subsection (a), and (4) died prior to the
25 implementation of Public Act 99-682 on December 29, 2016 may,
26 within a period of one year beginning 5 months after the

1 effective date of this amendatory Act of the 101st General
2 Assembly, make an election to re-establish rights to a
3 surviving spouse annuity under Sections 7-154 through 7-158
4 (notwithstanding the eligibility requirements of paragraph (a)
5 of subsection (1) of Section 7-154), by paying to the Fund: (i)
6 the total amount of the refund received for survivor credits;
7 and (ii) interest thereon at the actuarially assumed rate of
8 return from the date of the refund to the date of payment. The
9 surviving spouse must also provide documentation proving he or
10 she was married to the annuitant or a party to a civil union
11 with the annuitant at the time of death and has not
12 subsequently remarried. This proof must include a marriage
13 certificate or a certificate for a civil union and any other
14 supporting documents deemed necessary by the Fund.

15 (Source: P.A. 99-682, eff. 7-29-16.)

16 (40 ILCS 5/14-110) (from Ch. 108 1/2, par. 14-110)

17 Sec. 14-110. Alternative retirement annuity.

18 (a) Any member who has withdrawn from service with not less
19 than 20 years of eligible creditable service and has attained
20 age 55, and any member who has withdrawn from service with not
21 less than 25 years of eligible creditable service and has
22 attained age 50, regardless of whether the attainment of either
23 of the specified ages occurs while the member is still in
24 service, shall be entitled to receive at the option of the
25 member, in lieu of the regular or minimum retirement annuity, a

1 retirement annuity computed as follows:

2 (i) for periods of service as a noncovered employee: if
3 retirement occurs on or after January 1, 2001, 3% of final
4 average compensation for each year of creditable service;
5 if retirement occurs before January 1, 2001, 2 1/4% of
6 final average compensation for each of the first 10 years
7 of creditable service, 2 1/2% for each year above 10 years
8 to and including 20 years of creditable service, and 2 3/4%
9 for each year of creditable service above 20 years; and

10 (ii) for periods of eligible creditable service as a
11 covered employee: if retirement occurs on or after January
12 1, 2001, 2.5% of final average compensation for each year
13 of creditable service; if retirement occurs before January
14 1, 2001, 1.67% of final average compensation for each of
15 the first 10 years of such service, 1.90% for each of the
16 next 10 years of such service, 2.10% for each year of such
17 service in excess of 20 but not exceeding 30, and 2.30% for
18 each year in excess of 30.

19 Such annuity shall be subject to a maximum of 75% of final
20 average compensation if retirement occurs before January 1,
21 2001 or to a maximum of 80% of final average compensation if
22 retirement occurs on or after January 1, 2001.

23 These rates shall not be applicable to any service
24 performed by a member as a covered employee which is not
25 eligible creditable service. Service as a covered employee
26 which is not eligible creditable service shall be subject to

1 the rates and provisions of Section 14-108.

2 (b) For the purpose of this Section, "eligible creditable
3 service" means creditable service resulting from service in one
4 or more of the following positions:

5 (1) State policeman;

6 (2) fire fighter in the fire protection service of a
7 department;

8 (3) air pilot;

9 (4) special agent;

10 (5) investigator for the Secretary of State;

11 (6) conservation police officer;

12 (7) investigator for the Department of Revenue or the
13 Illinois Gaming Board;

14 (8) security employee of the Department of Human
15 Services;

16 (9) Central Management Services security police
17 officer;

18 (10) security employee of the Department of
19 Corrections or the Department of Juvenile Justice;

20 (11) dangerous drugs investigator;

21 (12) investigator for the Department of State Police;

22 (13) investigator for the Office of the Attorney
23 General;

24 (14) controlled substance inspector;

25 (15) investigator for the Office of the State's
26 Attorneys Appellate Prosecutor;

- 1 (16) Commerce Commission police officer;
2 (17) arson investigator;
3 (18) State highway maintenance worker;
4 (19) security employee of the Department of Innovation
5 and Technology; or
6 (20) transferred employee.

7 A person employed in one of the positions specified in this
8 subsection is entitled to eligible creditable service for
9 service credit earned under this Article while undergoing the
10 basic police training course approved by the Illinois Law
11 Enforcement Training Standards Board, if completion of that
12 training is required of persons serving in that position. For
13 the purposes of this Code, service during the required basic
14 police training course shall be deemed performance of the
15 duties of the specified position, even though the person is not
16 a sworn peace officer at the time of the training.

17 A person under paragraph (20) is entitled to eligible
18 creditable service for service credit earned under this Article
19 on and after his or her transfer by Executive Order No.
20 2003-10, Executive Order No. 2004-2, or Executive Order No.
21 2016-1.

22 (c) For the purposes of this Section:

23 (1) The term "State policeman" includes any title or
24 position in the Department of State Police that is held by
25 an individual employed under the State Police Act.

26 (2) The term "fire fighter in the fire protection

1 service of a department" includes all officers in such fire
2 protection service including fire chiefs and assistant
3 fire chiefs.

4 (3) The term "air pilot" includes any employee whose
5 official job description on file in the Department of
6 Central Management Services, or in the department by which
7 he is employed if that department is not covered by the
8 Personnel Code, states that his principal duty is the
9 operation of aircraft, and who possesses a pilot's license;
10 however, the change in this definition made by this
11 amendatory Act of 1983 shall not operate to exclude any
12 noncovered employee who was an "air pilot" for the purposes
13 of this Section on January 1, 1984.

14 (4) The term "special agent" means any person who by
15 reason of employment by the Division of Narcotic Control,
16 the Bureau of Investigation or, after July 1, 1977, the
17 Division of Criminal Investigation, the Division of
18 Internal Investigation, the Division of Operations, or any
19 other Division or organizational entity in the Department
20 of State Police is vested by law with duties to maintain
21 public order, investigate violations of the criminal law of
22 this State, enforce the laws of this State, make arrests
23 and recover property. The term "special agent" includes any
24 title or position in the Department of State Police that is
25 held by an individual employed under the State Police Act.

26 (5) The term "investigator for the Secretary of State"

1 means any person employed by the Office of the Secretary of
2 State and vested with such investigative duties as render
3 him ineligible for coverage under the Social Security Act
4 by reason of Sections 218(d)(5)(A), 218(d)(8)(D) and
5 218(1)(1) of that Act.

6 A person who became employed as an investigator for the
7 Secretary of State between January 1, 1967 and December 31,
8 1975, and who has served as such until attainment of age
9 60, either continuously or with a single break in service
10 of not more than 3 years duration, which break terminated
11 before January 1, 1976, shall be entitled to have his
12 retirement annuity calculated in accordance with
13 subsection (a), notwithstanding that he has less than 20
14 years of credit for such service.

15 (6) The term "Conservation Police Officer" means any
16 person employed by the Division of Law Enforcement of the
17 Department of Natural Resources and vested with such law
18 enforcement duties as render him ineligible for coverage
19 under the Social Security Act by reason of Sections
20 218(d)(5)(A), 218(d)(8)(D), and 218(1)(1) of that Act. The
21 term "Conservation Police Officer" includes the positions
22 of Chief Conservation Police Administrator and Assistant
23 Conservation Police Administrator.

24 (7) The term "investigator for the Department of
25 Revenue" means any person employed by the Department of
26 Revenue and vested with such investigative duties as render

1 him ineligible for coverage under the Social Security Act
2 by reason of Sections 218(d)(5)(A), 218(d)(8)(D) and
3 218(1)(1) of that Act.

4 The term "investigator for the Illinois Gaming Board"
5 means any person employed as such by the Illinois Gaming
6 Board and vested with such peace officer duties as render
7 the person ineligible for coverage under the Social
8 Security Act by reason of Sections 218(d)(5)(A),
9 218(d)(8)(D), and 218(1)(1) of that Act.

10 (8) The term "security employee of the Department of
11 Human Services" means any person employed by the Department
12 of Human Services who (i) is employed at the Chester Mental
13 Health Center and has daily contact with the residents
14 thereof, (ii) is employed within a security unit at a
15 facility operated by the Department and has daily contact
16 with the residents of the security unit, (iii) is employed
17 at a facility operated by the Department that includes a
18 security unit and is regularly scheduled to work at least
19 50% of his or her working hours within that security unit,
20 or (iv) is a mental health police officer. "Mental health
21 police officer" means any person employed by the Department
22 of Human Services in a position pertaining to the
23 Department's mental health and developmental disabilities
24 functions who is vested with such law enforcement duties as
25 render the person ineligible for coverage under the Social
26 Security Act by reason of Sections 218(d)(5)(A),

1 218(d)(8)(D) and 218(1)(1) of that Act. "Security unit"
2 means that portion of a facility that is devoted to the
3 care, containment, and treatment of persons committed to
4 the Department of Human Services as sexually violent
5 persons, persons unfit to stand trial, or persons not
6 guilty by reason of insanity. With respect to past
7 employment, references to the Department of Human Services
8 include its predecessor, the Department of Mental Health
9 and Developmental Disabilities.

10 The changes made to this subdivision (c)(8) by Public
11 Act 92-14 apply to persons who retire on or after January
12 1, 2001, notwithstanding Section 1-103.1.

13 (9) "Central Management Services security police
14 officer" means any person employed by the Department of
15 Central Management Services who is vested with such law
16 enforcement duties as render him ineligible for coverage
17 under the Social Security Act by reason of Sections
18 218(d)(5)(A), 218(d)(8)(D) and 218(1)(1) of that Act.

19 (10) For a member who first became an employee under
20 this Article before July 1, 2005, the term "security
21 employee of the Department of Corrections or the Department
22 of Juvenile Justice" means any employee of the Department
23 of Corrections or the Department of Juvenile Justice or the
24 former Department of Personnel, and any member or employee
25 of the Prisoner Review Board, who has daily contact with
26 inmates or youth by working within a correctional facility

1 or Juvenile facility operated by the Department of Juvenile
2 Justice or who is a parole officer or an employee who has
3 direct contact with committed persons in the performance of
4 his or her job duties. For a member who first becomes an
5 employee under this Article on or after July 1, 2005, the
6 term means an employee of the Department of Corrections or
7 the Department of Juvenile Justice who is any of the
8 following: (i) officially headquartered at a correctional
9 facility or Juvenile facility operated by the Department of
10 Juvenile Justice, (ii) a parole officer, (iii) a member of
11 the apprehension unit, (iv) a member of the intelligence
12 unit, (v) a member of the sort team, or (vi) an
13 investigator.

14 (11) The term "dangerous drugs investigator" means any
15 person who is employed as such by the Department of Human
16 Services.

17 (12) The term "investigator for the Department of State
18 Police" means a person employed by the Department of State
19 Police who is vested under Section 4 of the Narcotic
20 Control Division Abolition Act with such law enforcement
21 powers as render him ineligible for coverage under the
22 Social Security Act by reason of Sections 218(d)(5)(A),
23 218(d)(8)(D) and 218(1)(1) of that Act.

24 (13) "Investigator for the Office of the Attorney
25 General" means any person who is employed as such by the
26 Office of the Attorney General and is vested with such

1 investigative duties as render him ineligible for coverage
2 under the Social Security Act by reason of Sections
3 218(d)(5)(A), 218(d)(8)(D) and 218(1)(1) of that Act. For
4 the period before January 1, 1989, the term includes all
5 persons who were employed as investigators by the Office of
6 the Attorney General, without regard to social security
7 status.

8 (14) "Controlled substance inspector" means any person
9 who is employed as such by the Department of Professional
10 Regulation and is vested with such law enforcement duties
11 as render him ineligible for coverage under the Social
12 Security Act by reason of Sections 218(d)(5)(A),
13 218(d)(8)(D) and 218(1)(1) of that Act. The term
14 "controlled substance inspector" includes the Program
15 Executive of Enforcement and the Assistant Program
16 Executive of Enforcement.

17 (15) The term "investigator for the Office of the
18 State's Attorneys Appellate Prosecutor" means a person
19 employed in that capacity on a full time basis under the
20 authority of Section 7.06 of the State's Attorneys
21 Appellate Prosecutor's Act.

22 (16) "Commerce Commission police officer" means any
23 person employed by the Illinois Commerce Commission who is
24 vested with such law enforcement duties as render him
25 ineligible for coverage under the Social Security Act by
26 reason of Sections 218(d)(5)(A), 218(d)(8)(D), and

1 218(1)(1) of that Act.

2 (17) "Arson investigator" means any person who is
3 employed as such by the Office of the State Fire Marshal
4 and is vested with such law enforcement duties as render
5 the person ineligible for coverage under the Social
6 Security Act by reason of Sections 218(d)(5)(A),
7 218(d)(8)(D), and 218(1)(1) of that Act. A person who was
8 employed as an arson investigator on January 1, 1995 and is
9 no longer in service but not yet receiving a retirement
10 annuity may convert his or her creditable service for
11 employment as an arson investigator into eligible
12 creditable service by paying to the System the difference
13 between the employee contributions actually paid for that
14 service and the amounts that would have been contributed if
15 the applicant were contributing at the rate applicable to
16 persons with the same social security status earning
17 eligible creditable service on the date of application.

18 (18) The term "State highway maintenance worker" means
19 a person who is either of the following:

20 (i) A person employed on a full-time basis by the
21 Illinois Department of Transportation in the position
22 of highway maintainer, highway maintenance lead
23 worker, highway maintenance lead/lead worker, heavy
24 construction equipment operator, power shovel
25 operator, or bridge mechanic; and whose principal
26 responsibility is to perform, on the roadway, the

1 actual maintenance necessary to keep the highways that
2 form a part of the State highway system in serviceable
3 condition for vehicular traffic.

4 (ii) A person employed on a full-time basis by the
5 Illinois State Toll Highway Authority in the position
6 of equipment operator/laborer H-4, equipment
7 operator/laborer H-6, welder H-4, welder H-6,
8 mechanical/electrical H-4, mechanical/electrical H-6,
9 water/sewer H-4, water/sewer H-6, sign maker/hanger
10 H-4, sign maker/hanger H-6, roadway lighting H-4,
11 roadway lighting H-6, structural H-4, structural H-6,
12 painter H-4, or painter H-6; and whose principal
13 responsibility is to perform, on the roadway, the
14 actual maintenance necessary to keep the Authority's
15 tollways in serviceable condition for vehicular
16 traffic.

17 (19) The term "security employee of the Department of
18 Innovation and Technology" means a person who was a
19 security employee of the Department of Corrections or the
20 Department of Juvenile Justice, was transferred to the
21 Department of Innovation and Technology pursuant to
22 Executive Order 2016-01, and continues to perform similar
23 job functions under that Department.

24 (20) "Transferred employee" means an employee who was
25 transferred to the Department of Central Management
26 Services by Executive Order No. 2003-10 or Executive Order

1 No. 2004-2 or transferred to the Department of Innovation
2 and Technology by Executive Order No. 2016-1, or both, and
3 was entitled to eligible creditable service for services
4 immediately preceding the transfer.

5 (d) A security employee of the Department of Corrections or
6 the Department of Juvenile Justice, a security employee of the
7 Department of Human Services who is not a mental health police
8 officer, and a security employee of the Department of
9 Innovation and Technology shall not be eligible for the
10 alternative retirement annuity provided by this Section unless
11 he or she meets the following minimum age and service
12 requirements at the time of retirement:

13 (i) 25 years of eligible creditable service and age 55;

14 or

15 (ii) beginning January 1, 1987, 25 years of eligible
16 creditable service and age 54, or 24 years of eligible
17 creditable service and age 55; or

18 (iii) beginning January 1, 1988, 25 years of eligible
19 creditable service and age 53, or 23 years of eligible
20 creditable service and age 55; or

21 (iv) beginning January 1, 1989, 25 years of eligible
22 creditable service and age 52, or 22 years of eligible
23 creditable service and age 55; or

24 (v) beginning January 1, 1990, 25 years of eligible
25 creditable service and age 51, or 21 years of eligible
26 creditable service and age 55; or

1 (vi) beginning January 1, 1991, 25 years of eligible
2 creditable service and age 50, or 20 years of eligible
3 creditable service and age 55.

4 Persons who have service credit under Article 16 of this
5 Code for service as a security employee of the Department of
6 Corrections or the Department of Juvenile Justice, or the
7 Department of Human Services in a position requiring
8 certification as a teacher may count such service toward
9 establishing their eligibility under the service requirements
10 of this Section; but such service may be used only for
11 establishing such eligibility, and not for the purpose of
12 increasing or calculating any benefit.

13 (e) If a member enters military service while working in a
14 position in which eligible creditable service may be earned,
15 and returns to State service in the same or another such
16 position, and fulfills in all other respects the conditions
17 prescribed in this Article for credit for military service,
18 such military service shall be credited as eligible creditable
19 service for the purposes of the retirement annuity prescribed
20 in this Section.

21 (f) For purposes of calculating retirement annuities under
22 this Section, periods of service rendered after December 31,
23 1968 and before October 1, 1975 as a covered employee in the
24 position of special agent, conservation police officer, mental
25 health police officer, or investigator for the Secretary of
26 State, shall be deemed to have been service as a noncovered

1 employee, provided that the employee pays to the System prior
2 to retirement an amount equal to (1) the difference between the
3 employee contributions that would have been required for such
4 service as a noncovered employee, and the amount of employee
5 contributions actually paid, plus (2) if payment is made after
6 July 31, 1987, regular interest on the amount specified in item
7 (1) from the date of service to the date of payment.

8 For purposes of calculating retirement annuities under
9 this Section, periods of service rendered after December 31,
10 1968 and before January 1, 1982 as a covered employee in the
11 position of investigator for the Department of Revenue shall be
12 deemed to have been service as a noncovered employee, provided
13 that the employee pays to the System prior to retirement an
14 amount equal to (1) the difference between the employee
15 contributions that would have been required for such service as
16 a noncovered employee, and the amount of employee contributions
17 actually paid, plus (2) if payment is made after January 1,
18 1990, regular interest on the amount specified in item (1) from
19 the date of service to the date of payment.

20 (g) A State policeman may elect, not later than January 1,
21 1990, to establish eligible creditable service for up to 10
22 years of his service as a policeman under Article 3, by filing
23 a written election with the Board, accompanied by payment of an
24 amount to be determined by the Board, equal to (i) the
25 difference between the amount of employee and employer
26 contributions transferred to the System under Section 3-110.5,

1 and the amounts that would have been contributed had such
2 contributions been made at the rates applicable to State
3 policemen, plus (ii) interest thereon at the effective rate for
4 each year, compounded annually, from the date of service to the
5 date of payment.

6 Subject to the limitation in subsection (i), a State
7 policeman may elect, not later than July 1, 1993, to establish
8 eligible creditable service for up to 10 years of his service
9 as a member of the County Police Department under Article 9, by
10 filing a written election with the Board, accompanied by
11 payment of an amount to be determined by the Board, equal to
12 (i) the difference between the amount of employee and employer
13 contributions transferred to the System under Section 9-121.10
14 and the amounts that would have been contributed had those
15 contributions been made at the rates applicable to State
16 policemen, plus (ii) interest thereon at the effective rate for
17 each year, compounded annually, from the date of service to the
18 date of payment.

19 (h) Subject to the limitation in subsection (i), a State
20 policeman or investigator for the Secretary of State may elect
21 to establish eligible creditable service for up to 12 years of
22 his service as a policeman under Article 5, by filing a written
23 election with the Board on or before January 31, 1992, and
24 paying to the System by January 31, 1994 an amount to be
25 determined by the Board, equal to (i) the difference between
26 the amount of employee and employer contributions transferred

1 to the System under Section 5-236, and the amounts that would
2 have been contributed had such contributions been made at the
3 rates applicable to State policemen, plus (ii) interest thereon
4 at the effective rate for each year, compounded annually, from
5 the date of service to the date of payment.

6 Subject to the limitation in subsection (i), a State
7 policeman, conservation police officer, or investigator for
8 the Secretary of State may elect to establish eligible
9 creditable service for up to 10 years of service as a sheriff's
10 law enforcement employee under Article 7, by filing a written
11 election with the Board on or before January 31, 1993, and
12 paying to the System by January 31, 1994 an amount to be
13 determined by the Board, equal to (i) the difference between
14 the amount of employee and employer contributions transferred
15 to the System under Section 7-139.7, and the amounts that would
16 have been contributed had such contributions been made at the
17 rates applicable to State policemen, plus (ii) interest thereon
18 at the effective rate for each year, compounded annually, from
19 the date of service to the date of payment.

20 Subject to the limitation in subsection (i), a State
21 policeman, conservation police officer, or investigator for
22 the Secretary of State may elect to establish eligible
23 creditable service for up to 5 years of service as a police
24 officer under Article 3, a policeman under Article 5, a
25 sheriff's law enforcement employee under Article 7, a member of
26 the county police department under Article 9, or a police

1 officer under Article 15 by filing a written election with the
2 Board and paying to the System an amount to be determined by
3 the Board, equal to (i) the difference between the amount of
4 employee and employer contributions transferred to the System
5 under Section 3-110.6, 5-236, 7-139.8, 9-121.10, or 15-134.4
6 and the amounts that would have been contributed had such
7 contributions been made at the rates applicable to State
8 policemen, plus (ii) interest thereon at the effective rate for
9 each year, compounded annually, from the date of service to the
10 date of payment.

11 Subject to the limitation in subsection (i), an
12 investigator for the Office of the Attorney General, or an
13 investigator for the Department of Revenue, may elect to
14 establish eligible creditable service for up to 5 years of
15 service as a police officer under Article 3, a policeman under
16 Article 5, a sheriff's law enforcement employee under Article
17 7, or a member of the county police department under Article 9
18 by filing a written election with the Board within 6 months
19 after August 25, 2009 (the effective date of Public Act 96-745)
20 and paying to the System an amount to be determined by the
21 Board, equal to (i) the difference between the amount of
22 employee and employer contributions transferred to the System
23 under Section 3-110.6, 5-236, 7-139.8, or 9-121.10 and the
24 amounts that would have been contributed had such contributions
25 been made at the rates applicable to State policemen, plus (ii)
26 interest thereon at the actuarially assumed rate for each year,

1 compounded annually, from the date of service to the date of
2 payment.

3 Subject to the limitation in subsection (i), a State
4 policeman, conservation police officer, investigator for the
5 Office of the Attorney General, an investigator for the
6 Department of Revenue, or investigator for the Secretary of
7 State may elect to establish eligible creditable service for up
8 to 5 years of service as a person employed by a participating
9 municipality to perform police duties, or law enforcement
10 officer employed on a full-time basis by a forest preserve
11 district under Article 7, a county corrections officer, or a
12 court services officer under Article 9, by filing a written
13 election with the Board within 6 months after August 25, 2009
14 (the effective date of Public Act 96-745) and paying to the
15 System an amount to be determined by the Board, equal to (i)
16 the difference between the amount of employee and employer
17 contributions transferred to the System under Sections 7-139.8
18 and 9-121.10 and the amounts that would have been contributed
19 had such contributions been made at the rates applicable to
20 State policemen, plus (ii) interest thereon at the actuarially
21 assumed rate for each year, compounded annually, from the date
22 of service to the date of payment.

23 (i) The total amount of eligible creditable service
24 established by any person under subsections (g), (h), (j), (k),
25 ~~and~~ (l), (l-5), and (o) of this Section shall not exceed 12
26 years.

1 (j) Subject to the limitation in subsection (i), an
2 investigator for the Office of the State's Attorneys Appellate
3 Prosecutor or a controlled substance inspector may elect to
4 establish eligible creditable service for up to 10 years of his
5 service as a policeman under Article 3 or a sheriff's law
6 enforcement employee under Article 7, by filing a written
7 election with the Board, accompanied by payment of an amount to
8 be determined by the Board, equal to (1) the difference between
9 the amount of employee and employer contributions transferred
10 to the System under Section 3-110.6 or 7-139.8, and the amounts
11 that would have been contributed had such contributions been
12 made at the rates applicable to State policemen, plus (2)
13 interest thereon at the effective rate for each year,
14 compounded annually, from the date of service to the date of
15 payment.

16 (k) Subject to the limitation in subsection (i) of this
17 Section, an alternative formula employee may elect to establish
18 eligible creditable service for periods spent as a full-time
19 law enforcement officer or full-time corrections officer
20 employed by the federal government or by a state or local
21 government located outside of Illinois, for which credit is not
22 held in any other public employee pension fund or retirement
23 system. To obtain this credit, the applicant must file a
24 written application with the Board by March 31, 1998,
25 accompanied by evidence of eligibility acceptable to the Board
26 and payment of an amount to be determined by the Board, equal

1 to (1) employee contributions for the credit being established,
2 based upon the applicant's salary on the first day as an
3 alternative formula employee after the employment for which
4 credit is being established and the rates then applicable to
5 alternative formula employees, plus (2) an amount determined by
6 the Board to be the employer's normal cost of the benefits
7 accrued for the credit being established, plus (3) regular
8 interest on the amounts in items (1) and (2) from the first day
9 as an alternative formula employee after the employment for
10 which credit is being established to the date of payment.

11 (1) Subject to the limitation in subsection (i), a security
12 employee of the Department of Corrections may elect, not later
13 than July 1, 1998, to establish eligible creditable service for
14 up to 10 years of his or her service as a policeman under
15 Article 3, by filing a written election with the Board,
16 accompanied by payment of an amount to be determined by the
17 Board, equal to (i) the difference between the amount of
18 employee and employer contributions transferred to the System
19 under Section 3-110.5, and the amounts that would have been
20 contributed had such contributions been made at the rates
21 applicable to security employees of the Department of
22 Corrections, plus (ii) interest thereon at the effective rate
23 for each year, compounded annually, from the date of service to
24 the date of payment.

25 (1-5) Subject to the limitation in subsection (i) of this
26 Section, a State policeman may elect to establish eligible

1 creditable service for up to 5 years of service as a full-time
2 law enforcement officer employed by the federal government or
3 by a state or local government located outside of Illinois for
4 which credit is not held in any other public employee pension
5 fund or retirement system. To obtain this credit, the applicant
6 must file a written application with the Board no later than 3
7 years after the effective date of this amendatory Act of the
8 101st General Assembly, accompanied by evidence of eligibility
9 acceptable to the Board and payment of an amount to be
10 determined by the Board, equal to (1) employee contributions
11 for the credit being established, based upon the applicant's
12 salary on the first day as an alternative formula employee
13 after the employment for which credit is being established and
14 the rates then applicable to alternative formula employees,
15 plus (2) an amount determined by the Board to be the employer's
16 normal cost of the benefits accrued for the credit being
17 established, plus (3) regular interest on the amounts in items
18 (1) and (2) from the first day as an alternative formula
19 employee after the employment for which credit is being
20 established to the date of payment.

21 (m) The amendatory changes to this Section made by this
22 amendatory Act of the 94th General Assembly apply only to: (1)
23 security employees of the Department of Juvenile Justice
24 employed by the Department of Corrections before the effective
25 date of this amendatory Act of the 94th General Assembly and
26 transferred to the Department of Juvenile Justice by this

1 amendatory Act of the 94th General Assembly; and (2) persons
2 employed by the Department of Juvenile Justice on or after the
3 effective date of this amendatory Act of the 94th General
4 Assembly who are required by subsection (b) of Section 3-2.5-15
5 of the Unified Code of Corrections to have any bachelor's or
6 advanced degree from an accredited college or university or, in
7 the case of persons who provide vocational training, who are
8 required to have adequate knowledge in the skill for which they
9 are providing the vocational training.

10 (n) A person employed in a position under subsection (b) of
11 this Section who has purchased service credit under subsection
12 (j) of Section 14-104 or subsection (b) of Section 14-105 in
13 any other capacity under this Article may convert up to 5 years
14 of that service credit into service credit covered under this
15 Section by paying to the Fund an amount equal to (1) the
16 additional employee contribution required under Section
17 14-133, plus (2) the additional employer contribution required
18 under Section 14-131, plus (3) interest on items (1) and (2) at
19 the actuarially assumed rate from the date of the service to
20 the date of payment.

21 (o) Subject to the limitation in subsection (i), a
22 conservation police officer, investigator for the Secretary of
23 State, Commerce Commission police officer, investigator for
24 the Department of Revenue or the Illinois Gaming Board, or
25 arson investigator subject to subsection (g) of Section 1-160
26 may elect to convert up to 8 years of service credit

1 established before the effective date of this amendatory Act of
2 the 101st General Assembly as a conservation police officer,
3 investigator for the Secretary of State, Commerce Commission
4 police officer, investigator for the Department of Revenue or
5 the Illinois Gaming Board, or arson investigator under this
6 Article into eligible creditable service by filing a written
7 election with the Board no later than one year after the
8 effective date of this amendatory Act of the 101st General
9 Assembly, accompanied by payment of an amount to be determined
10 by the Board equal to (i) the difference between the amount of
11 the employee contributions actually paid for that service and
12 the amount of the employee contributions that would have been
13 paid had the employee contributions been made as a noncovered
14 employee serving in a position in which eligible creditable
15 service, as defined in this Section, may be earned, plus (ii)
16 interest thereon at the effective rate for each year,
17 compounded annually, from the date of service to the date of
18 payment.

19 (Source: P.A. 100-19, eff. 1-1-18; 100-611, eff. 7-20-18.)

20 (40 ILCS 5/14-152.1)

21 Sec. 14-152.1. Application and expiration of new benefit
22 increases.

23 (a) As used in this Section, "new benefit increase" means
24 an increase in the amount of any benefit provided under this
25 Article, or an expansion of the conditions of eligibility for

1 any benefit under this Article, that results from an amendment
2 to this Code that takes effect after June 1, 2005 (the
3 effective date of Public Act 94-4). "New benefit increase",
4 however, does not include any benefit increase resulting from
5 the changes made to Article 1 or this Article by Public Act
6 96-37, Public Act 100-23, Public Act 100-587, ~~or~~ Public Act
7 100-611, ~~or~~ Public Act 101-10, or this amendatory Act of the
8 101st General Assembly ~~this amendatory Act of the 101st General~~
9 ~~Assembly.~~

10 (b) Notwithstanding any other provision of this Code or any
11 subsequent amendment to this Code, every new benefit increase
12 is subject to this Section and shall be deemed to be granted
13 only in conformance with and contingent upon compliance with
14 the provisions of this Section.

15 (c) The Public Act enacting a new benefit increase must
16 identify and provide for payment to the System of additional
17 funding at least sufficient to fund the resulting annual
18 increase in cost to the System as it accrues.

19 Every new benefit increase is contingent upon the General
20 Assembly providing the additional funding required under this
21 subsection. The Commission on Government Forecasting and
22 Accountability shall analyze whether adequate additional
23 funding has been provided for the new benefit increase and
24 shall report its analysis to the Public Pension Division of the
25 Department of Insurance. A new benefit increase created by a
26 Public Act that does not include the additional funding

1 required under this subsection is null and void. If the Public
2 Pension Division determines that the additional funding
3 provided for a new benefit increase under this subsection is or
4 has become inadequate, it may so certify to the Governor and
5 the State Comptroller and, in the absence of corrective action
6 by the General Assembly, the new benefit increase shall expire
7 at the end of the fiscal year in which the certification is
8 made.

9 (d) Every new benefit increase shall expire 5 years after
10 its effective date or on such earlier date as may be specified
11 in the language enacting the new benefit increase or provided
12 under subsection (c). This does not prevent the General
13 Assembly from extending or re-creating a new benefit increase
14 by law.

15 (e) Except as otherwise provided in the language creating
16 the new benefit increase, a new benefit increase that expires
17 under this Section continues to apply to persons who applied
18 and qualified for the affected benefit while the new benefit
19 increase was in effect and to the affected beneficiaries and
20 alternate payees of such persons, but does not apply to any
21 other person, including, without limitation, a person who
22 continues in service after the expiration date and did not
23 apply and qualify for the affected benefit while the new
24 benefit increase was in effect.

25 (Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18;
26 100-611, eff. 7-20-18; 101-10, eff. 6-5-19; 101-81, eff.

1 7-12-19; revised 7-24-19.)

2 (40 ILCS 5/15-120) (from Ch. 108 1/2, par. 15-120)

3 Sec. 15-120. Beneficiary; survivor annuitant under
4 portable benefit package. "Beneficiary": The person or persons
5 designated by the participant or annuitant in the last written
6 designation on file with the board; or if no person so
7 designated survives, or if no designation is on file, the
8 estate of the participant or annuitant. Acceptance by the
9 participant of a refund of accumulated contributions or an
10 accelerated pension benefit payment under Section 15-185.5
11 shall result in cancellation of all beneficiary designations
12 previously filed. A spouse whose marriage was dissolved shall
13 be disqualified as beneficiary unless the spouse was designated
14 as beneficiary after the effective date of the dissolution of
15 marriage.

16 After a joint and survivor annuity commences under the
17 portable benefit package, the survivor annuitant of a joint and
18 survivor annuity is not disqualified, and may not be removed,
19 as the survivor annuitant by a dissolution of the survivor's
20 marriage with the participant or annuitant.

21 (Source: P.A. 91-887, eff. 7-6-00.)

22 (40 ILCS 5/15-135) (from Ch. 108 1/2, par. 15-135)

23 Sec. 15-135. Retirement annuities - Conditions.

24 (a) This subsection (a) applies only to a Tier 1 member. A

1 participant who retires in one of the following specified years
2 with the specified amount of service is entitled to a
3 retirement annuity at any age under the retirement program
4 applicable to the participant:

5 35 years if retirement is in 1997 or before;

6 34 years if retirement is in 1998;

7 33 years if retirement is in 1999;

8 32 years if retirement is in 2000;

9 31 years if retirement is in 2001;

10 30 years if retirement is in 2002 or later.

11 A participant with 8 or more years of service after
12 September 1, 1941, is entitled to a retirement annuity on or
13 after attainment of age 55.

14 A participant with at least 5 but less than 8 years of
15 service after September 1, 1941, is entitled to a retirement
16 annuity on or after attainment of age 62.

17 A participant who has at least 25 years of service in this
18 system as a police officer or firefighter is entitled to a
19 retirement annuity on or after the attainment of age 50, if
20 Rule 4 of Section 15-136 is applicable to the participant.

21 (a-5) A Tier 2 member is entitled to a retirement annuity
22 upon written application if he or she has attained age 67 and
23 has at least 10 years of service credit and is otherwise
24 eligible under the requirements of this Article. A Tier 2
25 member who has attained age 62 and has at least 10 years of
26 service credit and is otherwise eligible under the requirements

1 of this Article may elect to receive the lower retirement
2 annuity provided in subsection (b-5) of Section 15-136 of this
3 Article.

4 (a-10) A Tier 2 member who has at least 20 years of service
5 in this system as a police officer or firefighter is entitled
6 to a retirement annuity upon written application on or after
7 the attainment of age 60 if Rule 4 of Section 15-136 is
8 applicable to the participant. The changes made to this
9 subsection by this amendatory Act of the 101st General Assembly
10 apply retroactively to January 1, 2011.

11 (b) The annuity payment period shall begin on the date
12 specified by the participant or the recipient of a disability
13 retirement annuity submitting a written application. For a
14 participant, the date on which the annuity payment period
15 begins shall not be prior to termination of employment or more
16 than one year before the application is received by the board;
17 however, if the participant is not an employee of an employer
18 participating in this System or in a participating system as
19 defined in Article 20 of this Code on April 1 of the calendar
20 year next following the calendar year in which the participant
21 attains age 70 1/2, the annuity payment period shall begin on
22 that date regardless of whether an application has been filed.
23 For a recipient of a disability retirement annuity, the date on
24 which the annuity payment period begins shall not be prior to
25 the discontinuation of the disability retirement annuity under
26 Section 15-153.2.

1 (c) An annuity is not payable if the amount provided under
2 Section 15-136 is less than \$10 per month.

3 (Source: P.A. 100-556, eff. 12-8-17.)

4 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

5 (Text of Section WITHOUT the changes made by P.A. 98-599,
6 which has been held unconstitutional)

7 Sec. 15-136. Retirement annuities - Amount. The provisions
8 of this Section 15-136 apply only to those participants who are
9 participating in the traditional benefit package or the
10 portable benefit package and do not apply to participants who
11 are participating in the self-managed plan.

12 (a) The amount of a participant's retirement annuity,
13 expressed in the form of a single-life annuity, shall be
14 determined by whichever of the following rules is applicable
15 and provides the largest annuity:

16 Rule 1: The retirement annuity shall be 1.67% of final rate
17 of earnings for each of the first 10 years of service, 1.90%
18 for each of the next 10 years of service, 2.10% for each year
19 of service in excess of 20 but not exceeding 30, and 2.30% for
20 each year in excess of 30; or for persons who retire on or
21 after January 1, 1998, 2.2% of the final rate of earnings for
22 each year of service.

23 Rule 2: The retirement annuity shall be the sum of the
24 following, determined from amounts credited to the participant
25 in accordance with the actuarial tables and the effective rate

1 of interest in effect at the time the retirement annuity
2 begins:

3 (i) the normal annuity which can be provided on an
4 actuarially equivalent basis, by the accumulated normal
5 contributions as of the date the annuity begins;

6 (ii) an annuity from employer contributions of an
7 amount equal to that which can be provided on an
8 actuarially equivalent basis from the accumulated normal
9 contributions made by the participant under Section
10 15-113.6 and Section 15-113.7 plus 1.4 times all other
11 accumulated normal contributions made by the participant;
12 and

13 (iii) the annuity that can be provided on an
14 actuarially equivalent basis from the entire contribution
15 made by the participant under Section 15-113.3.

16 With respect to a police officer or firefighter who retires
17 on or after August 14, 1998, the accumulated normal
18 contributions taken into account under clauses (i) and (ii) of
19 this Rule 2 shall include the additional normal contributions
20 made by the police officer or firefighter under Section
21 15-157(a).

22 The amount of a retirement annuity calculated under this
23 Rule 2 shall be computed solely on the basis of the
24 participant's accumulated normal contributions, as specified
25 in this Rule and defined in Section 15-116. Neither an employee
26 or employer contribution for early retirement under Section

1 15-136.2 nor any other employer contribution shall be used in
2 the calculation of the amount of a retirement annuity under
3 this Rule 2.

4 This amendatory Act of the 91st General Assembly is a
5 clarification of existing law and applies to every participant
6 and annuitant without regard to whether status as an employee
7 terminates before the effective date of this amendatory Act.

8 This Rule 2 does not apply to a person who first becomes an
9 employee under this Article on or after July 1, 2005.

10 Rule 3: The retirement annuity of a participant who is
11 employed at least one-half time during the period on which his
12 or her final rate of earnings is based, shall be equal to the
13 participant's years of service not to exceed 30, multiplied by
14 (1) \$96 if the participant's final rate of earnings is less
15 than \$3,500, (2) \$108 if the final rate of earnings is at least
16 \$3,500 but less than \$4,500, (3) \$120 if the final rate of
17 earnings is at least \$4,500 but less than \$5,500, (4) \$132 if
18 the final rate of earnings is at least \$5,500 but less than
19 \$6,500, (5) \$144 if the final rate of earnings is at least
20 \$6,500 but less than \$7,500, (6) \$156 if the final rate of
21 earnings is at least \$7,500 but less than \$8,500, (7) \$168 if
22 the final rate of earnings is at least \$8,500 but less than
23 \$9,500, and (8) \$180 if the final rate of earnings is \$9,500 or
24 more, except that the annuity for those persons having made an
25 election under Section 15-154(a-1) shall be calculated and
26 payable under the portable retirement benefit program pursuant

1 to the provisions of Section 15-136.4.

2 Rule 4: A participant who is at least age 50 and has 25 or
3 more years of service as a police officer or firefighter, and a
4 participant who is age 55 or over and has at least 20 but less
5 than 25 years of service as a police officer or firefighter,
6 shall be entitled to a retirement annuity of 2 1/4% of the
7 final rate of earnings for each of the first 10 years of
8 service as a police officer or firefighter, 2 1/2% for each of
9 the next 10 years of service as a police officer or
10 firefighter, and 2 3/4% for each year of service as a police
11 officer or firefighter in excess of 20. The retirement annuity
12 for all other service shall be computed under Rule 1. A Tier 2
13 member is eligible for a retirement annuity calculated under
14 Rule 4 only if that Tier 2 member meets the service
15 requirements for that benefit calculation as prescribed under
16 this Rule 4 in addition to the applicable age requirement under
17 subsection (a-10) ~~(a-5)~~ of Section 15-135.

18 For purposes of this Rule 4, a participant's service as a
19 firefighter shall also include the following:

20 (i) service that is performed while the person is an
21 employee under subsection (h) of Section 15-107; and

22 (ii) in the case of an individual who was a
23 participating employee employed in the fire department of
24 the University of Illinois's Champaign-Urbana campus
25 immediately prior to the elimination of that fire
26 department and who immediately after the elimination of

1 that fire department transferred to another job with the
2 University of Illinois, service performed as an employee of
3 the University of Illinois in a position other than police
4 officer or firefighter, from the date of that transfer
5 until the employee's next termination of service with the
6 University of Illinois.

7 (b) For a Tier 1 member, the retirement annuity provided
8 under Rules 1 and 3 above shall be reduced by 1/2 of 1% for each
9 month the participant is under age 60 at the time of
10 retirement. However, this reduction shall not apply in the
11 following cases:

12 (1) For a disabled participant whose disability
13 benefits have been discontinued because he or she has
14 exhausted eligibility for disability benefits under clause
15 (6) of Section 15-152;

16 (2) For a participant who has at least the number of
17 years of service required to retire at any age under
18 subsection (a) of Section 15-135; or

19 (3) For that portion of a retirement annuity which has
20 been provided on account of service of the participant
21 during periods when he or she performed the duties of a
22 police officer or firefighter, if these duties were
23 performed for at least 5 years immediately preceding the
24 date the retirement annuity is to begin.

25 (b-5) The retirement annuity of a Tier 2 member who is
26 retiring under Rule 1 or 3 after attaining age 62 with at least

1 10 years of service credit shall be reduced by 1/2 of 1% for
2 each full month that the member's age is under age 67.

3 (c) The maximum retirement annuity provided under Rules 1,
4 2, 4, and 5 shall be the lesser of (1) the annual limit of
5 benefits as specified in Section 415 of the Internal Revenue
6 Code of 1986, as such Section may be amended from time to time
7 and as such benefit limits shall be adjusted by the
8 Commissioner of Internal Revenue, and (2) 80% of final rate of
9 earnings.

10 (d) A Tier 1 member whose status as an employee terminates
11 after August 14, 1969 shall receive automatic increases in his
12 or her retirement annuity as follows:

13 Effective January 1 immediately following the date the
14 retirement annuity begins, the annuitant shall receive an
15 increase in his or her monthly retirement annuity of 0.125% of
16 the monthly retirement annuity provided under Rule 1, Rule 2,
17 Rule 3, or Rule 4 contained in this Section, multiplied by the
18 number of full months which elapsed from the date the
19 retirement annuity payments began to January 1, 1972, plus
20 0.1667% of such annuity, multiplied by the number of full
21 months which elapsed from January 1, 1972, or the date the
22 retirement annuity payments began, whichever is later, to
23 January 1, 1978, plus 0.25% of such annuity multiplied by the
24 number of full months which elapsed from January 1, 1978, or
25 the date the retirement annuity payments began, whichever is
26 later, to the effective date of the increase.

1 The annuitant shall receive an increase in his or her
2 monthly retirement annuity on each January 1 thereafter during
3 the annuitant's life of 3% of the monthly annuity provided
4 under Rule 1, Rule 2, Rule 3, or Rule 4 contained in this
5 Section. The change made under this subsection by P.A. 81-970
6 is effective January 1, 1980 and applies to each annuitant
7 whose status as an employee terminates before or after that
8 date.

9 Beginning January 1, 1990, all automatic annual increases
10 payable under this Section shall be calculated as a percentage
11 of the total annuity payable at the time of the increase,
12 including all increases previously granted under this Article.

13 The change made in this subsection by P.A. 85-1008 is
14 effective January 26, 1988, and is applicable without regard to
15 whether status as an employee terminated before that date.

16 (d-5) A retirement annuity of a Tier 2 member shall receive
17 annual increases on the January 1 occurring either on or after
18 the attainment of age 67 or the first anniversary of the
19 annuity start date, whichever is later. Each annual increase
20 shall be calculated at 3% or one half the annual unadjusted
21 percentage increase (but not less than zero) in the consumer
22 price index-u for the 12 months ending with the September
23 preceding each November 1, whichever is less, of the originally
24 granted retirement annuity. If the annual unadjusted
25 percentage change in the consumer price index-u for the 12
26 months ending with the September preceding each November 1 is

1 zero or there is a decrease, then the annuity shall not be
2 increased.

3 (e) If, on January 1, 1987, or the date the retirement
4 annuity payment period begins, whichever is later, the sum of
5 the retirement annuity provided under Rule 1 or Rule 2 of this
6 Section and the automatic annual increases provided under the
7 preceding subsection or Section 15-136.1, amounts to less than
8 the retirement annuity which would be provided by Rule 3, the
9 retirement annuity shall be increased as of January 1, 1987, or
10 the date the retirement annuity payment period begins,
11 whichever is later, to the amount which would be provided by
12 Rule 3 of this Section. Such increased amount shall be
13 considered as the retirement annuity in determining benefits
14 provided under other Sections of this Article. This paragraph
15 applies without regard to whether status as an employee
16 terminated before the effective date of this amendatory Act of
17 1987, provided that the annuitant was employed at least
18 one-half time during the period on which the final rate of
19 earnings was based.

20 (f) A participant is entitled to such additional annuity as
21 may be provided on an actuarially equivalent basis, by any
22 accumulated additional contributions to his or her credit.
23 However, the additional contributions made by the participant
24 toward the automatic increases in annuity provided under this
25 Section shall not be taken into account in determining the
26 amount of such additional annuity.

1 (g) If, (1) by law, a function of a governmental unit, as
2 defined by Section 20-107 of this Code, is transferred in whole
3 or in part to an employer, and (2) a participant transfers
4 employment from such governmental unit to such employer within
5 6 months after the transfer of the function, and (3) the sum of
6 (A) the annuity payable to the participant under Rule 1, 2, or
7 3 of this Section (B) all proportional annuities payable to the
8 participant by all other retirement systems covered by Article
9 20, and (C) the initial primary insurance amount to which the
10 participant is entitled under the Social Security Act, is less
11 than the retirement annuity which would have been payable if
12 all of the participant's pension credits validated under
13 Section 20-109 had been validated under this system, a
14 supplemental annuity equal to the difference in such amounts
15 shall be payable to the participant.

16 (h) On January 1, 1981, an annuitant who was receiving a
17 retirement annuity on or before January 1, 1971 shall have his
18 or her retirement annuity then being paid increased \$1 per
19 month for each year of creditable service. On January 1, 1982,
20 an annuitant whose retirement annuity began on or before
21 January 1, 1977, shall have his or her retirement annuity then
22 being paid increased \$1 per month for each year of creditable
23 service.

24 (i) On January 1, 1987, any annuitant whose retirement
25 annuity began on or before January 1, 1977, shall have the
26 monthly retirement annuity increased by an amount equal to 8¢

1 per year of creditable service times the number of years that
2 have elapsed since the annuity began.

3 (j) The changes made to this Section by this amendatory Act
4 of the 101st General Assembly apply retroactively to January 1,
5 2011.

6 (Source: P.A. 97-933, eff. 8-10-12; 97-968, eff. 8-16-12;
7 98-92, eff. 7-16-13.)

8 (40 ILCS 5/15-159) (from Ch. 108 1/2, par. 15-159)

9 Sec. 15-159. Board created.

10 (a) A board of trustees constituted as provided in this
11 Section shall administer this System. The board shall be known
12 as the Board of Trustees of the State Universities Retirement
13 System.

14 (b) (Blank).

15 (c) (Blank).

16 (d) Beginning on the 90th day after April 3, 2009 (the
17 effective date of Public Act 96-6), the Board of Trustees shall
18 be constituted as follows:

19 (1) The Chairperson of the Board of Higher Education,
20 ~~who shall act as chairperson of this Board.~~

21 (2) Four trustees appointed by the Governor with the
22 advice and consent of the Senate who may not be members of
23 the system or hold an elective State office and who shall
24 serve for a term of 6 years, except that the terms of the
25 initial appointees under this subsection (d) shall be as

1 follows: 2 for a term of 3 years and 2 for a term of 6
2 years.

3 (3) Four active participants of the system to be
4 elected from the contributing membership of the system by
5 the contributing members, no more than 2 of which may be
6 from any of the University of Illinois campuses, who shall
7 serve for a term of 6 years, except that the terms of the
8 initial electees shall be as follows: 2 for a term of 3
9 years and 2 for a term of 6 years.

10 (4) Two annuitants of the system who have been
11 annuitants for at least one full year, to be elected from
12 and by the annuitants of the system, no more than one of
13 which may be from any of the University of Illinois
14 campuses, who shall serve for a term of 6 years, except
15 that the terms of the initial electees shall be as follows:
16 one for a term of 3 years and one for a term of 6 years.

17 The chairperson of the Board shall be appointed by the
18 Governor from among the trustees.

19 For the purposes of this Section, the Governor may make a
20 nomination and the Senate may confirm the nominee in advance of
21 the commencement of the nominee's term of office.

22 (e) The 6 elected trustees shall be elected within 90 days
23 after April 3, 2009 (the effective date of Public Act 96-6) for
24 a term beginning on the 90th day after that effective date.
25 Trustees shall be elected thereafter as terms expire for a
26 6-year term beginning July 15 next following their election,

1 and such election shall be held on May 1, or on May 2 when May 1
2 falls on a Sunday. The board may establish rules for the
3 election of trustees to implement the provisions of Public Act
4 96-6 and for future elections. Candidates for the participating
5 trustee shall be nominated by petitions in writing, signed by
6 not less than 400 participants with their addresses shown
7 opposite their names. Candidates for the annuitant trustee
8 shall be nominated by petitions in writing, signed by not less
9 than 100 annuitants with their addresses shown opposite their
10 names. If there is more than one qualified nominee for each
11 elected trustee, then the board shall conduct a secret ballot
12 election by mail for that trustee, in accordance with rules as
13 established by the board. If there is only one qualified person
14 nominated by petition for each elected trustee, then the
15 election as required by this Section shall not be conducted for
16 that trustee and the board shall declare such nominee duly
17 elected. A vacancy occurring in the elective membership of the
18 board shall be filled for the unexpired term by the elected
19 trustees serving on the board for the remainder of the term.
20 Nothing in this subsection shall preclude the adoption of rules
21 providing for internet or phone balloting in addition, or as an
22 alternative, to election by mail.

23 (f) A vacancy in the appointed membership on the board of
24 trustees caused by resignation, death, expiration of term of
25 office, or other reason shall be filled by a qualified person
26 appointed by the Governor for the remainder of the unexpired

1 term.

2 (g) Trustees (other than the trustees incumbent on June 30,
3 1995 or as provided in subsection (c) of this Section) shall
4 continue in office until their respective successors are
5 appointed and have qualified, except that a trustee appointed
6 to one of the participant positions shall be disqualified
7 immediately upon the termination of his or her status as a
8 participant and a trustee appointed to one of the annuitant
9 positions shall be disqualified immediately upon the
10 termination of his or her status as an annuitant receiving a
11 retirement annuity.

12 (h) Each trustee must take an oath of office before a
13 notary public of this State and shall qualify as a trustee upon
14 the presentation to the board of a certified copy of the oath.
15 The oath must state that the person will diligently and
16 honestly administer the affairs of the retirement system, and
17 will not knowingly violate or willfully permit to be violated
18 any provisions of this Article.

19 Each trustee shall serve without compensation but shall be
20 reimbursed for expenses necessarily incurred in attending
21 board meetings and carrying out his or her duties as a trustee
22 or officer of the system.

23 (Source: P.A. 98-92, eff. 7-16-13.)

24 (40 ILCS 5/15-198)

25 Sec. 15-198. Application and expiration of new benefit

1 increases.

2 (a) As used in this Section, "new benefit increase" means
3 an increase in the amount of any benefit provided under this
4 Article, or an expansion of the conditions of eligibility for
5 any benefit under this Article, that results from an amendment
6 to this Code that takes effect after June 1, 2005 (the
7 effective date of Public Act 94-4) ~~this amendatory Act of the~~
8 ~~94th General Assembly~~. "New benefit increase", however, does
9 not include any benefit increase resulting from the changes
10 made to Article 1 or this Article by Public Act 100-23, Public
11 Act 100-587, ~~or~~ Public Act 100-769, ~~or~~ Public Act 101-10, or
12 this amendatory Act of the 101st General Assembly ~~this~~
13 ~~amendatory Act of the 101st General Assembly~~.

14 (b) Notwithstanding any other provision of this Code or any
15 subsequent amendment to this Code, every new benefit increase
16 is subject to this Section and shall be deemed to be granted
17 only in conformance with and contingent upon compliance with
18 the provisions of this Section.

19 (c) The Public Act enacting a new benefit increase must
20 identify and provide for payment to the System of additional
21 funding at least sufficient to fund the resulting annual
22 increase in cost to the System as it accrues.

23 Every new benefit increase is contingent upon the General
24 Assembly providing the additional funding required under this
25 subsection. The Commission on Government Forecasting and
26 Accountability shall analyze whether adequate additional

1 funding has been provided for the new benefit increase and
2 shall report its analysis to the Public Pension Division of the
3 Department of Insurance. A new benefit increase created by a
4 Public Act that does not include the additional funding
5 required under this subsection is null and void. If the Public
6 Pension Division determines that the additional funding
7 provided for a new benefit increase under this subsection is or
8 has become inadequate, it may so certify to the Governor and
9 the State Comptroller and, in the absence of corrective action
10 by the General Assembly, the new benefit increase shall expire
11 at the end of the fiscal year in which the certification is
12 made.

13 (d) Every new benefit increase shall expire 5 years after
14 its effective date or on such earlier date as may be specified
15 in the language enacting the new benefit increase or provided
16 under subsection (c). This does not prevent the General
17 Assembly from extending or re-creating a new benefit increase
18 by law.

19 (e) Except as otherwise provided in the language creating
20 the new benefit increase, a new benefit increase that expires
21 under this Section continues to apply to persons who applied
22 and qualified for the affected benefit while the new benefit
23 increase was in effect and to the affected beneficiaries and
24 alternate payees of such persons, but does not apply to any
25 other person, including, without limitation, a person who
26 continues in service after the expiration date and did not

1 apply and qualify for the affected benefit while the new
2 benefit increase was in effect.

3 (Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18;
4 100-769, eff. 8-10-18; 101-10, eff. 6-5-19; 101-81, eff.
5 7-12-19; revised 8-1-19.)

6 (40 ILCS 5/16-163) (from Ch. 108 1/2, par. 16-163)

7 Sec. 16-163. Board created. A board of 15 ~~13~~ members
8 constitutes the board of trustees authorized to carry out the
9 provisions of this Article and is responsible for the general
10 administration of the System. The board shall be known as the
11 Board of Trustees of the Teachers' Retirement System of the
12 State of Illinois. The board shall be composed of the
13 Superintendent of Education, ex officio, ~~who shall be the~~
14 ~~president of the board~~; 7 ~~6~~ persons, not members of the System,
15 to be appointed by the Governor, who shall hold no elected
16 State office; 5 ~~4~~ persons who, at the time of their election,
17 are teachers as defined in Section 16-106, elected by the
18 contributing members; and 2 annuitant members elected by the
19 annuitants of the System, as provided in Section 16-165. The
20 president of the board shall be appointed by the Governor from
21 among the trustees.

22 (Source: P.A. 96-6, eff. 4-3-09.)

23 (40 ILCS 5/16-164) (from Ch. 108 1/2, par. 16-164)

24 Sec. 16-164. Board; appointed members; vacancies ~~Board~~

1 ~~appointed members — vacancies.~~ Terms of office for the
2 appointed members shall begin on July 15 of an even-numbered
3 year, except that the terms of office for members appointed
4 pursuant to this amendatory Act of the 96th General Assembly
5 shall begin upon being confirmed by the Senate. The Governor
6 shall appoint 3 members as trustees with the advice and consent
7 of the Senate in each even-numbered year who shall hold office
8 for a term of 4 years, except that, of the members appointed
9 pursuant to this amendatory Act of the 96th General Assembly, 3
10 members shall be appointed for a term ending July 14, 2012 and
11 3 members shall be appointed for a term ending July 14, 2014.
12 The Governor shall appoint the additional member authorized
13 under this amendatory Act of the 101st General Assembly with
14 the advice and consent of the Senate for a term beginning on
15 July 15, 2020 and ending July 14, 2022, and successors shall
16 hold office for a term of 4 years. Each such appointee shall
17 reside in and be a taxpayer in the territory covered by this
18 system, shall be interested in public school welfare, and
19 experienced and competent in financial and business
20 management. A vacancy in the term of an appointed trustee shall
21 be filled for the unexpired term by appointment of the
22 Governor.

23 Notwithstanding any provision of this Section to the
24 contrary, the term of office of each member of the Board
25 appointed by the Governor who is sitting on the Board on the
26 effective date of this amendatory Act of the 96th General

1 Assembly is terminated on that effective date. A trustee
2 sitting on the Board on the effective date of this amendatory
3 Act of the 96th General Assembly may not hold over in office
4 for more than 60 days after the effective date of this
5 amendatory Act of the 96th General Assembly. Nothing in this
6 Section shall prevent the Governor from making a temporary
7 appointment or nominating a trustee holding office on the day
8 before the effective date of this amendatory Act of the 96th
9 General Assembly.

10 (Source: P.A. 96-6, eff. 4-3-09.)

11 (40 ILCS 5/16-165) (from Ch. 108 1/2, par. 16-165)

12 Sec. 16-165. Board; elected members; vacancies.

13 (a) In each odd-numbered year, if there are 2 teachers
14 whose terms of office will expire in that year, there shall be
15 elected 2 teachers who shall hold office for a term of 4 years
16 beginning July 15 next following their election or, if there
17 are 3 teachers whose terms of office will expire in that year,
18 there shall be elected 3 teachers who shall hold office for a
19 term of 4 years beginning July 15 next following their
20 election, in the manner provided under this Section. An elected
21 teacher member of the board who ceases to be a teacher as
22 defined in Section 16-106 may continue to serve on the board
23 for the remainder of the term to which he or she was elected.

24 (b) One elected annuitant trustee shall first be elected in
25 1987, and in every fourth year thereafter, for a term of 4

1 years beginning July 15 next following his or her election.

2 (c) The elected annuitant position created by this
3 amendatory Act of the 91st General Assembly shall be filled as
4 soon as possible in the manner provided for vacancies, for an
5 initial term ending July 15, 2001. One elected annuitant
6 trustee shall be elected in 2001, and in every fourth year
7 thereafter, for a term of 4 years beginning July 15 next
8 following his or her election.

9 The elected teacher position created by this amendatory Act
10 of the 101st General Assembly shall be for an initial 3-year
11 term and shall be filled in the manner provided for vacancies;
12 except that if the teacher candidate who receives the highest
13 number of votes and the incumbent members not up for election
14 belong to the same statewide teacher organization, then the
15 teacher candidate who receives the highest number of votes and
16 is not a member of that statewide teacher organization shall be
17 declared elected.

18 (d) Elections shall be held on May 1, unless May 1 falls on
19 a Saturday or Sunday, in which event the election shall be
20 conducted on the following Monday. Candidates shall be
21 nominated by petitions in writing, signed by not less than 500
22 teachers or annuitants, as the case may be, with their
23 addresses shown opposite their names. The petitions shall be
24 filed with the board's Secretary not less than 90 nor more than
25 120 days prior to May 1. The Secretary shall determine their
26 validity not less than 75 days before the election.

1 (d-5) Beginning July 15, 2020, not more than 4 of the 5
2 teachers elected to the Board of Trustees may be active members
3 of the same statewide teacher organization. For the purposes of
4 this Section, "statewide teacher organization" means a teacher
5 organization (1) in which membership is not restricted to
6 persons living or teaching within a limited geographical area
7 of this State and (2) that has among its membership at least
8 10,000 persons who participate in this System.

9 Candidates for the teacher positions on the Board shall
10 indicate, in their nomination petitions and campaign
11 materials, which (if any) statewide teacher organizations they
12 have belonged to during the 5 years preceding the election.

13 (e) If, for either teacher or annuitant members, the number
14 of qualified nominees exceeds the number of available
15 positions, the system shall prepare an appropriate ballot with
16 the names of the candidates in alphabetical order and shall
17 mail one copy thereof, at least 10 days prior to the election
18 day, to each teacher or annuitant of this system as of the
19 latest date practicable, at the latest known address, together
20 with a return envelope addressed to the board and also a
21 smaller envelope marked "For Ballot Only", and a slip for
22 signature. Each voter, upon marking his ballot with a cross
23 mark in the square before the name of the person voted for,
24 shall place the ballot in the envelope marked "For Ballot
25 Only", seal the envelope, write on the slip provided therefor
26 his signature and address, enclose both the slip and sealed

1 envelope containing the marked ballot in the return envelope
2 addressed to the board, and mail it. Whether a person is
3 eligible to vote for the teacher nominees or the annuitant
4 nominees shall be determined from system payroll records as of
5 March 1.

6 Upon receipt of the return envelopes, the system shall open
7 them and set aside unopened the envelopes marked "For Ballot
8 Only". On election day ballots shall be publicly opened and
9 counted by the trustees or canvassers appointed therefor. Each
10 vote cast for a candidate represents one vote only. No ballot
11 arriving after 10 o'clock a.m. on election day shall be
12 counted.

13 (e-3) The 2 teacher candidates or 3 teacher candidates,
14 whichever is applicable for that election, and the annuitant
15 candidate receiving the highest number of votes shall be
16 declared elected; except that beginning with the election in
17 2021, if the teacher candidate who receives the highest number
18 of votes and the incumbent members not up for election belong
19 to the same statewide teacher organization, then the second
20 teacher candidate to be declared elected shall be the candidate
21 who is not a member of the same statewide teacher organization
22 and receives the highest number of votes, unless there is no
23 such candidate or at least one candidate declared elected in
24 the same election is not a member of that statewide teacher
25 organization. The board shall declare the results of the
26 election, keep a record thereof, and notify the candidates of

1 the results thereof within 30 days after the election.

2 (e-5) If, for either class of members, there are only as
3 many qualified nominees as there are positions available, the
4 balloting as described in this Section shall not be conducted
5 for those nominees, and the board shall declare them duly
6 elected.

7 (f) A vacancy occurring in the elective membership of the
8 board shall be filled for the unexpired term by a person
9 qualified for the vacant position, selected by the remaining
10 elected members of the board, if there are no more than 6
11 months remaining on the term. For a term with more than 6
12 months remaining, the Director of the Teachers' Retirement
13 System of the State of Illinois shall institute an election in
14 accordance with this Act to fill the unexpired term.

15 (Source: P.A. 94-423, eff. 8-2-05; 94-710, eff. 12-5-05;
16 95-331, eff. 8-21-07.)

17 (40 ILCS 5/Art. 22B heading new)

18 ARTICLE 22B. THE POLICE OFFICERS' PENSION INVESTMENT FUND

19 (40 ILCS 5/22B-101 new)

20 Sec. 22B-101. Establishment. The Police Officers' Pension
21 Investment Fund is created with authority to manage the
22 reserves, funds, assets, securities, properties, and moneys of
23 the police pension funds created pursuant to Article 3 of this
24 Code, all as provided in this Article.

1 (40 ILCS 5/22B-102 new)

2 Sec. 22B-102. Definitions. For the purposes of this
3 Article, the following words and phrases shall have the meaning
4 ascribed to them unless the context requires otherwise.

5 (40 ILCS 5/22B-103 new)

6 Sec. 22B-103. Fund. "Fund" means the Police Officers'
7 Pension Investment Fund.

8 (40 ILCS 5/22B-104 new)

9 Sec. 22B-104. Transferor pension fund. "Transferor pension
10 fund" means any pension fund established pursuant to Article 3
11 of this Code.

12 (40 ILCS 5/22B-105 new)

13 Sec. 22B-105. Participating pension fund. "Participating
14 pension fund" means any pension fund established pursuant to
15 Article 3 of this Code that has transferred securities, funds,
16 assets, and moneys, and responsibility for custody and control
17 of those securities, funds, assets, and moneys, to the Fund
18 pursuant to Section 3-132.1.

19 (40 ILCS 5/22B-106 new)

20 Sec. 22B-106. Pension fund assets. "Pension fund assets"
21 means the reserves, funds, assets, securities, and moneys of

1 any transferor pension fund.

2 (40 ILCS 5/22B-107 new)

3 Sec. 22B-107. Invest. "Invest" means to acquire, invest,
4 reinvest, exchange, or retain pension fund assets of the
5 transferor pension funds and to sell and manage the reserves,
6 funds, securities, moneys, or assets of the transferor pension
7 fund, all in accordance with this Article.

8 (40 ILCS 5/22B-108 new)

9 Sec. 22B-108. Investment advisor. "Investment advisor"
10 means any person or business entity that provides investment
11 advice to the Board on a personalized basis and with an
12 understanding of the policies and goals of the Board.
13 "Investment advisor" does not include any person or business
14 entity that provides statistical or general market research
15 data available for purchase or use by others.

16 (40 ILCS 5/22B-112 new)

17 Sec. 22B-112. Transition period. "Transition period" means
18 the period immediately following the effective date of this
19 amendatory Act of the 101st General Assembly during which
20 pension fund assets, and responsibility for custody and control
21 of those assets, will be transferred from the transferor
22 pension funds to the board, as described in Section 22B-120.

1 (40 ILCS 5/22B-113 new)

2 Sec. 22B-113. Illinois Municipal League. "Illinois
3 Municipal League" means the unincorporated, nonprofit,
4 nonpolitical association of Illinois cities, villages, and
5 incorporated towns described in Section 1-8-1 of the Illinois
6 Municipal Code.

7 (40 ILCS 5/22B-114 new)

8 Sec. 22B-114. Purpose, establishment, and governance. The
9 Fund is established to consolidate the transferor pension funds
10 to streamline investments and eliminate unnecessary and
11 redundant administrative costs, thereby ensuring more money is
12 available to fund pension benefits for the beneficiaries of the
13 transferor pension funds. The transition board trustees and
14 permanent board trustees of the Fund shall be fiduciaries for
15 the participants and beneficiaries of the participating
16 pension funds and shall discharge their duties with respect to
17 the retirement system or pension fund solely in the interest of
18 the participants and beneficiaries. Further, the transition
19 board trustees and permanent board trustees, acting prudently
20 and as fiduciaries, shall take all reasonable steps to ensure
21 that all of the transferor pension funds are treated equitably
22 and that the financial condition of one participating pension
23 fund, including, but not limited to, pension benefit funding
24 levels and ratios, will have no effect on the financial
25 condition of any other transferor pension fund.

1 (40 ILCS 5/22B-115 new)

2 Sec. 22B-115. Board of Trustees of the Fund.

3 (a) No later than one month after the effective date of
4 this amendatory Act of the 101st General Assembly or as soon
5 thereafter as may be practicable, the Governor shall appoint,
6 by and with the advice and consent of the Senate, a transition
7 board of trustees consisting of 9 members as follows:

8 (1) three members representing municipalities who are
9 mayors, presidents, chief executive officers, chief
10 financial officers, or other officers, executives, or
11 department heads of municipalities and appointed from
12 among candidates recommended by the Illinois Municipal
13 League;

14 (2) three members representing participants and who
15 are participants, 2 of whom shall be appointed from among
16 candidates recommended by a statewide fraternal
17 organization representing more than 20,000 active and
18 retired police officers in the State of Illinois, and one
19 of whom shall be appointed from among candidates
20 recommended by a benevolent association representing sworn
21 police officers in the State of Illinois;

22 (3) two members representing beneficiaries and who are
23 beneficiaries, one of whom shall be appointed from among
24 candidates recommended by a statewide fraternal
25 organization representing more than 20,000 active and

1 retired police officers in the State of Illinois, and one
2 of whom shall be appointed from among candidates
3 recommended by a benevolent association representing sworn
4 police officers in the State of Illinois; and

5 (4) one member who is a representative of the Illinois
6 Municipal League.

7 The transition board members shall serve until the initial
8 permanent board members are elected and qualified.

9 The transition board of trustees shall select the
10 chairperson of the transition board of trustees from among the
11 trustees for the duration of the transition board's tenure.

12 (b) The permanent board of trustees shall consist of 9
13 members as follows:

14 (1) Three members who are mayors, presidents, chief
15 executive officers, chief financial officers, or other
16 officers, executives, or department heads of
17 municipalities that have participating pension funds and
18 are elected by the mayors and presidents of municipalities
19 that have participating pension funds.

20 (2) Three members who are participants of
21 participating pension funds and are elected by the
22 participants of participating pension funds.

23 (3) Two members who are beneficiaries of participating
24 pension funds and are elected by the beneficiaries of
25 participating pension funds.

26 (4) One member recommended by the Illinois Municipal

1 League who shall be appointed by the Governor with the
2 advice and consent of the Senate.

3 The permanent board of trustees shall select the
4 chairperson of the permanent board of trustees from among the
5 trustees for a term of 2 years. The holder of the office of
6 chairperson shall alternate between a person elected or
7 appointed under item (1) or (4) of this subsection (b) and a
8 person elected under item (2) or (3) of this subsection (b).

9 (c) Each trustee shall qualify by taking an oath of office
10 before the Secretary of State stating that he or she will
11 diligently and honestly administer the affairs of the board and
12 will not violate or knowingly permit the violation of any
13 provision of this Article.

14 (d) Trustees shall receive no salary for service on the
15 board but shall be reimbursed for travel expenses incurred
16 while on business for the board according to the standards in
17 effect for members of the Commission on Government Forecasting
18 and Accountability.

19 A municipality employing a police officer who is an elected
20 or appointed trustee of the board must allow reasonable time
21 off with compensation for the police officer to conduct
22 official business related to his or her position on the board,
23 including time for travel. The board shall notify the
24 municipality in advance of the dates, times, and locations of
25 this official business. The Fund shall timely reimburse the
26 municipality for the reasonable costs incurred that are due to

1 the police officer's absence.

2 (e) No trustee shall have any interest in any brokerage
3 fee, commission, or other profit or gain arising out of any
4 investment directed by the board. This subsection does not
5 preclude ownership by any member of any minority interest in
6 any common stock or any corporate obligation in which an
7 investment is directed by the board.

8 (f) Notwithstanding any provision or interpretation of law
9 to the contrary, any member of the transition board may also be
10 elected or appointed as a member of the permanent board.

11 Notwithstanding any provision or interpretation of law to
12 the contrary, any trustee of a fund established under Article 3
13 of this Code may also be appointed as a member of the
14 transition board or elected or appointed as a member of the
15 permanent board.

16 The restriction in Section 3.1 of the Lobbyist Registration
17 Act shall not apply to a member of the transition board
18 appointed pursuant to item (4) of subsection (a) or to a member
19 of the permanent board appointed pursuant to item (4) of
20 subsection (b).

21 (40 ILCS 5/22B-116 new)

22 Sec. 22B-116. Conduct and administration of elections;
23 terms of office.

24 (a) For the election of the permanent trustees, the
25 transition board shall administer the initial elections and the

1 permanent board shall administer all subsequent elections.
2 Each board shall develop and implement such procedures as it
3 determines to be appropriate for the conduct of such elections.
4 For the purposes of obtaining information necessary to conduct
5 elections under this Section, participating pension funds
6 shall cooperate with the Fund.

7 (b) All nominations for election shall be by petition. Each
8 petition for a trustee shall be executed as follows:

9 (1) for trustees to be elected by the mayors and
10 presidents of municipalities that have participating
11 pension funds, by at least 20 such mayors and presidents;

12 (2) for trustees to be elected by participants, by at
13 least 400 participants; and

14 (3) for trustees to be elected by beneficiaries, by at
15 least 100 beneficiaries.

16 (c) A separate ballot shall be used for each class of
17 trustee. The board shall prepare and send ballots and ballot
18 envelopes to the participants and beneficiaries eligible to
19 vote in accordance with rules adopted by the board. The ballots
20 shall contain the names of all candidates in alphabetical
21 order. The ballot envelope shall have on the outside a form of
22 certificate stating that the person voting the ballot is a
23 participant or beneficiary entitled to vote.

24 Participants and beneficiaries, upon receipt of the
25 ballot, shall vote the ballot and place it in the ballot
26 envelope, seal the envelope, execute the certificate thereon,

1 and return the ballot to the Fund.

2 The board shall set a final date for ballot return, and
3 ballots received prior to that date in a ballot envelope with a
4 properly executed certificate and properly voted shall be valid
5 ballots.

6 The board shall set a day for counting the ballots and name
7 judges and clerks of election to conduct the count of ballots
8 and shall make any rules necessary for the conduct of the
9 count.

10 The candidate or candidates receiving the highest number of
11 votes for each class of trustee shall be elected. In the case
12 of a tie vote, the winner shall be determined in accordance
13 with procedures developed by the Department of Insurance.

14 In lieu of conducting elections via mail balloting as
15 described in this Section, the board may instead adopt rules to
16 provide for elections to be carried out solely via Internet
17 balloting or phone balloting. Nothing in this Section prohibits
18 the Fund from contracting with a third party to administer the
19 election in accordance with this Section.

20 (d) At any election, voting shall be as follows:

21 (1) Each person authorized to vote for an elected
22 trustee may cast one vote for each related position for
23 which such person is entitled to vote and may cast such
24 vote for any candidate or candidates on the ballot for such
25 trustee position.

26 (2) If only one candidate for each position is properly

1 nominated in petitions received, that candidate shall be
2 deemed the winner and no election under this Section shall
3 be required.

4 (3) The results shall be entered in the minutes of the
5 first meeting of the board following the tally of votes.

6 (e) The initial election for permanent trustees shall be
7 held and the permanent board shall be seated no later than 12
8 months after the effective date of this amendatory Act of the
9 101st General Assembly. Each subsequent election shall be held
10 no later than 30 days prior to the end of the term of the
11 incumbent trustees.

12 (f) The elected trustees shall each serve for terms of 4
13 years commencing on the first business day of the first month
14 after election; except that the terms of office of the
15 initially elected trustees shall be as follows:

16 (1) one trustee elected pursuant to item (1) of
17 subsection (b) of Section 22B-115 shall serve for a term of
18 2 years and 2 trustees elected pursuant to item (1) of
19 subsection (b) of Section 22B-115 shall serve for a term of
20 4 years;

21 (2) two trustees elected pursuant to item (2) of
22 subsection (b) of Section 22B-115 shall serve for a term of
23 2 years and one trustee elected pursuant to item (2) of
24 subsection (b) of Section 22B-115 shall serve for a term of
25 4 years; and

26 (3) one trustee elected pursuant to item (3) of

1 subsection (b) of Section 22B-115 shall serve for a term of
2 2 years and one trustee elected pursuant to item (3) of
3 subsection (b) of Section 22B-115 shall serve for a term of
4 4 years.

5 (g) The trustee appointed pursuant to item (4) of
6 subsection (b) of Section 22B-115 shall serve for a term of 2
7 years commencing on the first business day of the first month
8 after the election of the elected trustees.

9 (h) A member of the board who was elected pursuant to item
10 (1) of subsection (b) of Section 22B-115 who ceases to serve as
11 a mayor, president, chief executive officer, chief financial
12 officer, or other officer, executive, or department head of a
13 municipality that has a participating pension fund shall not be
14 eligible to serve as a member of the board and his or her
15 position shall be deemed vacant. A member of the board who was
16 elected by the participants of participating pension funds who
17 ceases to be a participant may serve the remainder of his or
18 her elected term.

19 For a vacancy of an elected trustee occurring with an
20 unexpired term of 6 months or more, an election shall be
21 conducted for the vacancy in accordance with Section 22B-115
22 and this Section.

23 For a vacancy of an elected trustee occurring with an
24 unexpired term of less than 6 months, the vacancy shall be
25 filled by appointment by the board for the unexpired term as
26 follows: a vacancy of a member elected pursuant to item (1) of

1 subsection (b) of Section 22B-115 shall be filled by a mayor,
2 president, chief executive officer, chief financial officer,
3 or other officer, executive, or department head of a
4 municipality that has a participating pension fund; a vacancy
5 of a member elected pursuant to item (2) of subsection (b) of
6 Section 22B-115 shall be filled by a participant of a
7 participating pension fund; and a vacancy of a member elected
8 under item (3) of subsection (b) of Section 22B-115 shall be
9 filled by a beneficiary of a participating pension fund.

10 Vacancies among the appointed trustees shall be filled for
11 unexpired terms by appointment in like manner as for the
12 original appointments.

13 (40 ILCS 5/22B-117 new)

14 Sec. 22B-117. Meetings of the board.

15 (a) The transition board and the permanent board shall each
16 meet at least quarterly and otherwise upon written request of
17 either the Chairperson or 3 other members. The Chairperson
18 shall preside over meetings of the board. The executive
19 director and personnel of the board shall prepare agendas and
20 materials and required postings for meetings of the board.

21 (b) Six members of the board shall constitute a quorum.

22 (c) All actions taken by the transition board and the
23 permanent board shall require a vote of least 5 trustees,
24 except that the following shall require a vote of at least 6
25 trustees: the adoption of actuarial assumptions; the selection

1 of the chief investment officer, fiduciary counsel, or a
2 consultant as defined under Section 1-101.5 of this Code; the
3 adoption of rules for the conduct of election of trustees; and
4 the adoption of asset allocation policies and investment
5 policies.

6 (40 ILCS 5/22B-118 new)

7 Sec. 22B-118. Operation and administration of the Fund.

8 (a) The operation and administration of the Fund shall be
9 managed by an executive director. No later than 2 months after
10 the transition board is appointed or as soon thereafter as may
11 be practicable, the transition board shall appoint an interim
12 executive director who shall serve until a permanent executive
13 director is appointed by the board, with such appointment to be
14 made no later than 6 months after the end of the transition
15 period. The executive director shall act subject to and under
16 the supervision of the board and the board shall fix the
17 compensation of the executive director.

18 (b) The board may appoint one or more custodians to
19 facilitate the transfer of pension fund assets during the
20 transition period, and subsequently to provide custodial and
21 related fiduciary services on behalf of the board, and enter
22 into contracts for such services. The board may also appoint
23 external legal counsel and an independent auditing firm and may
24 appoint investment advisors and other consultants as it
25 determines to be appropriate and enter into contracts for such

1 services. With approval of the board, the executive director
2 may retain such other consultants, advisors, fiduciaries, and
3 service providers as may be desirable and enter into contracts
4 for such services.

5 (c) The board shall separately calculate account balances
6 for each participating pension fund. The operations and
7 financial condition of each participating pension fund account
8 shall not affect the account balance of any other participating
9 pension fund. Further, investment returns earned by the Fund
10 shall be allocated and distributed pro rata among each
11 participating pension fund account in accordance with the value
12 of the pension fund assets attributable to each fund.

13 (d) With approval of the board, the executive director may
14 employ such personnel, professional or clerical, as may be
15 desirable and fix their compensation. The appointment and
16 compensation of the personnel, including the executive
17 director, shall not be subject to the Personnel Code.

18 (e) The board shall annually adopt a budget to support its
19 operations and administration. The board shall apply moneys
20 derived from the pension fund assets transferred and under its
21 control to pay the costs and expenses incurred in the operation
22 and administration of the Fund. The board shall from time to
23 time transfer moneys and other assets to the participating
24 pension funds as required for the participating pension funds
25 to pay expenses, benefits, and other required payments to
26 beneficiaries in the amounts and at the times prescribed in

1 this Code.

2 (f) The board may exercise any of the powers granted to
3 boards of trustees of pension funds under Sections 1-107 and
4 1-108 of this Code and may by resolution provide for the
5 indemnification of its members and any of its officers,
6 advisors, or employees in a manner consistent with those
7 Sections.

8 (g) An office for meetings of the board and for its
9 administrative personnel shall be established at any suitable
10 place within the State as may be selected by the board. All
11 books and records of the board shall be kept in such office.

12 (h) The board shall contract for a blanket fidelity bond in
13 the penal sum of not less than \$1,000,000 to cover members of
14 the board of trustees, the executive director, and all other
15 employees of the board, conditioned for the faithful
16 performance of the duties of their respective offices, the
17 premium on which shall be paid by the board.

18 (40 ILCS 5/22B-119 new)

19 Sec. 22B-119. Adoption of rules. The board shall adopt such
20 rules (not inconsistent with this Code) as in its judgment are
21 desirable to implement and properly administer this Article.
22 Such rules shall specifically provide for the following: (1)
23 the implementation of the transition process described in
24 Section 22B-120; (2) the process by which the participating
25 pension funds may request transfer of funds; (3) the process

1 for the transfer in, receipt for, and investment of pension
2 assets received by the Fund after the transition period from
3 the participating pension funds; (4) the process by which
4 contributions from municipalities for the benefit of the
5 participating pension funds may, but are not required to, be
6 directly transferred to the Fund; and (5) compensation and
7 benefits for its employees. A copy of the rules adopted by the
8 Fund shall be filed with the Secretary of State and the
9 Department of Insurance. The adoption and effectiveness of such
10 rules shall not be subject to Article 5 of the Illinois
11 Administrative Procedure Act.

12 (40 ILCS 5/22B-120 new)

13 Sec. 22B-120. Transition period; transfer of securities,
14 assets, and investment functions.

15 (a) The transition period shall commence on the effective
16 date of this amendatory Act of the 101st General Assembly and
17 shall end as determined by the board, consistent with and in
18 the application of its fiduciary responsibilities, but in no
19 event later than 30 months thereafter.

20 (b) The board may retain the services of custodians,
21 investment consultants, and other professional services it
22 deems prudent to implement the transition of assets described
23 in this Section. The permanent board of trustees shall not be
24 bound by any contract or agreement regarding such custodians,
25 investment consultants, or other professional services entered

1 into by the transition board of trustees.

2 (c) As soon as practicable after the effective date of this
3 amendatory Act of the 101st General Assembly, the board, in
4 cooperation with the Department of Insurance, shall audit the
5 investment assets of each transferor pension fund to determine
6 a certified investment asset list for each transferor pension
7 fund. The audit shall be performed by a certified public
8 accountant engaged by the board, and the board shall be
9 responsible for payment of the costs and expenses associated
10 with the audit. Upon completion of the audit for any transferor
11 pension fund, the board and the Department of Insurance shall
12 provide the certified investment asset list to that transferor
13 pension fund. Upon determination of the certified investment
14 asset list for any transferor pension fund, the board shall,
15 within 10 business days or as soon thereafter as may be
16 practicable as determined by the board, initiate the transfer
17 of assets from that transferor pension fund. Further and to
18 maintain accuracy of the certified investment asset list, upon
19 determination of the certified investment asset list for a
20 transferor pension fund, that fund shall not purchase or sell
21 any of its pension fund assets.

22 (d) When the Fund is prepared to receive pension fund
23 assets from any transferor pension fund, the executive director
24 shall notify in writing the board of trustees of that
25 transferor pension fund of the Fund's intent to assume
26 fiduciary control of those pension fund assets, and the date at

1 which it will assume such control and that the transferor
2 pension fund will cease to exercise fiduciary responsibility.
3 This letter shall be transmitted no less than 30 days prior to
4 the transfer date. A copy of the letter shall be transmitted to
5 the Department of Insurance. Upon receipt of the letter, the
6 transferor pension fund shall promptly notify its custodian, as
7 well as any and all entities with fiduciary control of any
8 portion of the pension assets. Each transferor pension fund
9 shall have sole fiduciary and statutory responsibility for the
10 management of its pension assets until the start of business on
11 the transfer date. At the start of business on the transfer
12 date, statutory and fiduciary responsibility for the
13 investment of pension fund assets shall shift exclusively to
14 the Fund and the Fund shall promptly and prudently transfer all
15 such pension fund assets to the board and terminate the
16 relationship with the local custodian of that transferor
17 pension fund. The Fund shall provide a receipt for the transfer
18 to the transferor pension fund within 30 days of the transfer
19 date.

20 As used in this subsection, "transfer date" means the date
21 at which the Fund will assume fiduciary control of the
22 transferor pension fund's assets and the transferor pension
23 fund will cease to exercise fiduciary responsibility.

24 (e) Within 90 days after the end of the transition period
25 or as soon thereafter as may be practicable as determined by
26 the board, the Fund and the Department of Insurance shall

1 cooperate in transferring to the Fund all pension fund assets
2 remaining in the custody of the transferor pension funds.

3 (f) The board shall adopt such rules as in its judgment are
4 desirable to implement the transition process, including,
5 without limitation, the transfer of the pension fund assets of
6 the transferor pension funds, the assumption of fiduciary
7 control of such assets by the Fund, and the termination of
8 relationships with local custodians. The adoption and
9 effectiveness of such rules and regulations shall not be
10 subject to Article 5 of the Illinois Administrative Procedure
11 Act.

12 (g) Within 6 months after the end of the transition period
13 or as soon thereafter as may be practicable as determined by
14 the board, the books, records, accounts, and securities of the
15 Fund shall be audited by a certified public accountant selected
16 by the board. This audit shall include, but not be limited to,
17 the following: (1) a full description of the investments
18 acquired, showing average costs; (2) a full description of the
19 securities sold or exchanged, showing average proceeds or other
20 conditions of an exchange; (3) gains or losses realized during
21 the period; (4) income from investments; and (5) administrative
22 expenses incurred by the board. This audit report shall be
23 published on the Fund's official website and filed with the
24 Department of Insurance.

25 (h) To provide funds for payment of the ordinary and
26 regular costs associated with the implementation of this

1 transition process, the Illinois Finance Authority is
2 authorized to loan to the Fund up to \$7,500,000 of any of the
3 Authority's funds, including, but not limited to, funds in its
4 Illinois Housing Partnership Program Fund, its Industrial
5 Project Insurance Fund, or its Illinois Venture Investment
6 Fund, for such purpose. Such loan shall be repaid by the Fund
7 with an interest rate tied to the Federal Funds Rate or an
8 equivalent market established variable rate. The Fund and the
9 Illinois Finance Authority shall enter into a loan or similar
10 agreement that specifies the period of the loan, the payment
11 interval, procedures for making periodic loans, the variable
12 rate methodology to which the interest rate for loans should be
13 tied, the funds of the Illinois Finance Authority that will be
14 used to provide the loan, and such other terms that the Fund
15 and the Illinois Finance Authority reasonably believe to be
16 mutually beneficial. Such agreement shall be a public record
17 and the Fund shall post the terms of the agreement on its
18 official website.

19 (40 ILCS 5/22B-121 new)

20 Sec. 22B-121. Management and direction of investments.

21 (a) The board shall have the authority to manage the
22 pension fund assets of the transferor pension funds for the
23 purpose of obtaining a total return on investments for the long
24 term.

25 (b) The authority of the board to manage pension fund

1 assets and the liability shall begin when there has been a
2 physical transfer of the pension fund assets to the Fund and
3 placed in the custody of the Fund's custodian or custodians, as
4 described in Section 22B-123.

5 (c) The pension fund assets of the Fund shall be maintained
6 in accounts held outside the State treasury. Moneys in those
7 accounts are not subject to administrative charges or
8 chargebacks, including, but not limited to, those authorized
9 under the State Finance Act.

10 (d) The board may not delegate its management functions,
11 but it may, but is not required to, arrange to compensate for
12 personalized investment advisory service for any or all
13 investments under its control with any national or state bank
14 or trust company authorized to do a trust business and
15 domiciled in Illinois, other financial institution organized
16 under the laws of Illinois, or an investment advisor who is
17 qualified under the federal Investment Advisers Act of 1940 and
18 is registered under the Illinois Securities Law of 1953.
19 Nothing contained in this Article prevents the board from
20 subscribing to general investment research services available
21 for purchase or use by others. The board shall also have the
22 authority to compensate for accounting services.

23 (e) This Section does not prohibit the board from directly
24 investing pension fund assets in public market investments,
25 private investments, real estate investments, or other
26 investments authorized by this Code.

1 (40 ILCS 5/22B-122 new)

2 Sec. 22B-122. Investment authority. The Fund shall have the
3 authority to invest funds, subject to the requirements and
4 restrictions set forth in Sections 1-109, 1-109.1, 1-109.2,
5 1-110, 1-111, 1-114, and 1-115 of this Code.

6 The Fund shall not be subject to any of the limitations
7 applicable to investments of pension fund assets by the
8 transferor pension funds under Sections 1-113.1 through
9 1-113.12 or Article 3 of this Code. The Fund shall not, for
10 purposes of Article 1 of this Code, be deemed to be a
11 retirement system, pension fund, or investment board whose
12 investments are restricted by Section 1-113.2 of this Code,
13 and, as a result, the Fund shall be subject to the provisions
14 of Section 1-109.1, including, but not limited to: utilization
15 of emerging investment managers; increasing racial, ethnic,
16 and gender diversity of its fiduciaries; utilization of
17 businesses owned by minorities, women, and persons with
18 disabilities; utilization of minority broker-dealers;
19 utilization of minority investment managers; and applicable
20 reporting requirements.

21 No bank or savings and loan association shall receive
22 investment funds as permitted by this Section, unless it has
23 complied with the requirements established pursuant to Section
24 6 of the Public Funds Investment Act. The limitations set forth
25 in Section 6 of the Public Funds Investment Act shall be

1 applicable only at the time of investment and shall not require
2 the liquidation of any investment at any time.

3 The Fund shall have the authority to enter into such
4 agreements and to execute such documents as it determines to be
5 necessary to complete any investment transaction.

6 All investments shall be clearly held and accounted for to
7 indicate ownership by the Fund. The Fund may direct the
8 registration of securities in its own name or in the name of a
9 nominee created for the express purpose of registration of
10 securities by a national or state bank or trust company
11 authorized to conduct a trust business in the State of
12 Illinois.

13 Investments shall be carried at cost or at a value
14 determined in accordance with generally accepted accounting
15 principles and accounting procedures approved by the Fund.

16 (40 ILCS 5/22B-123 new)

17 Sec. 22B-123. Custodian. The pension fund assets
18 transferred to or otherwise acquired by the Fund shall be
19 placed in the custody of a custodian who shall provide adequate
20 safe deposit facilities for those assets and hold all such
21 securities, funds, and other assets subject to the order of the
22 Fund.

23 Each custodian shall furnish a corporate surety bond of
24 such amount as the board designates, which bond shall indemnify
25 the Fund, the board, and the officers and employees of the Fund

1 against any loss that may result from any action or failure to
2 act by the custodian or any of the custodian's agents. All
3 charges incidental to the procuring and giving of any bond
4 shall be paid by the board and each bond shall be in the
5 custody of the board.

6 (40 ILCS 5/22B-124 new)

7 Sec. 22B-124. Accounting for pension fund assets. In the
8 management of the pension fund assets of the transferor pension
9 funds, the Fund:

10 (1) shall carry all pension fund assets at fair market
11 value determined in accordance with generally accepted
12 accounting principles and accounting procedures approved
13 by the board. Each investment initially transferred to the
14 Fund by a transferor pension fund shall be similarly
15 valued, except that the board may elect to place such value
16 on any investment conditionally in which case, the amount
17 of any later realization of such asset in cash that is in
18 excess of or is less than the amount so credited shall be
19 credited or charged to the account maintained for the
20 transferor pension fund that made the transfer;

21 (2) shall keep proper books of account that shall
22 reflect at all times the value of all investments held by
23 the Fund; and

24 (3) shall charge all distributions made by the Fund to
25 or for a transferor pension fund to the account maintained

1 for that fund.

2 (40 ILCS 5/22B-125 new)

3 Sec. 22B-125. Audits and reports.

4 (a) At least annually, the books, records, accounts, and
5 securities of the Fund shall be audited by a certified public
6 accountant selected by the board and conducted in accordance
7 with the rules and procedures promulgated by the Governmental
8 Accounting Standards Board. The audit opinion shall be
9 published as a part of the annual report of the Fund, which
10 shall be submitted to the transferor pension funds and to the
11 Department of Insurance.

12 (b) For the quarterly periods ending September 30, December
13 31, and March 31, the Fund shall submit to the participating
14 pension funds and to the Department of Insurance a report
15 providing, among other things, the following information:

16 (1) a full description of the investments acquired,
17 showing average costs;

18 (2) a full description of the securities sold or
19 exchanged, showing average proceeds or other conditions of
20 an exchange;

21 (3) gains or losses realized during the period;

22 (4) income from investments; and

23 (5) administrative expenses.

24 (c) An annual report shall be prepared by the Fund for
25 submission to the participating pension funds and to the

1 Department of Insurance within 6 months after the close of each
2 fiscal year. A fiscal year shall date from July 1 of one year
3 to June 30 of the year next following. This report shall
4 contain full information concerning the results of investment
5 operations of the Fund. This report shall include the
6 information described in subsection (b) and, in addition
7 thereto, the following information:

8 (1) a listing of the investments held by the Fund at
9 the end of the year, showing their book values and market
10 values and their income yields on market values;

11 (2) comments on the pertinent factors affecting such
12 investments;

13 (3) a review of the policies maintained by the Fund and
14 any changes that occurred during the year;

15 (4) a copy of the audited financial statements for the
16 year;

17 (5) recommendations for possible changes in this
18 Article or otherwise governing the operations of the Fund;
19 and

20 (6) a listing of the names of securities brokers and
21 dealers dealt with during the year showing the total amount
22 of commissions received by each on transactions with the
23 Fund.

24 (40 ILCS 5/Art. 22C heading new)

25 ARTICLE 22C. THE FIREFIGHTERS' PENSION INVESTMENT FUND

1 (40 ILCS 5/22C-101 new)

2 Sec. 22C-101. Establishment. The Firefighters' Pension
3 Investment Fund is created with authority to manage the
4 reserves, funds, assets, securities, properties, and moneys of
5 the firefighter pension funds created pursuant to Article 4 of
6 this Code, all as provided in this Article.

7 (40 ILCS 5/22C-102 new)

8 Sec. 22C-102. Definitions. For the purposes of this
9 Article, the following words and phrases shall have the meaning
10 ascribed to them unless the context requires otherwise.

11 (40 ILCS 5/22C-103 new)

12 Sec. 22C-103. Fund. "Fund" means the Firefighters' Pension
13 Investment Fund.

14 (40 ILCS 5/22C-104 new)

15 Sec. 22C-104. Transferor pension fund. "Transferor pension
16 fund" means any pension fund established pursuant to Article 4
17 of this Code.

18 (40 ILCS 5/22C-105 new)

19 Sec. 22C-105. Participating pension fund. "Participating
20 pension fund" means any pension fund established pursuant to
21 Article 4 of this Code that has transferred securities, funds,

1 assets, and moneys, and responsibility for custody and control
2 of those securities, funds, assets, and moneys, to the Fund
3 pursuant to Section 4-123.2.

4 (40 ILCS 5/22C-106 new)

5 Sec. 22C-106. Pension fund assets. "Pension fund assets"
6 means the reserves, funds, assets, securities, and moneys of
7 any transferor pension fund.

8 (40 ILCS 5/22C-107 new)

9 Sec. 22C-107. Invest. "Invest" means to acquire, invest,
10 reinvest, exchange, or retain pension fund assets of the
11 transferor pension funds and to sell and manage the reserves,
12 funds, securities, moneys, or assets of the transferor pension
13 fund, all in accordance with this Article.

14 (40 ILCS 5/22C-108 new)

15 Sec. 22C-108. Investment advisor. "Investment advisor"
16 means any person or business entity that provides investment
17 advice to the board on a personalized basis and with an
18 understanding of the policies and goals of the board.
19 "Investment advisor" does not include any person or business
20 entity that provides statistical or general market research
21 data available for purchase or use by others.

22 (40 ILCS 5/22C-112 new)

1 Sec. 22C-112. Transition period. "Transition period" means
2 the period immediately following the effective date of this
3 amendatory Act of the 101st General Assembly during which
4 pension fund assets, and responsibility for custody and control
5 of those assets, will be transferred from the transferor
6 pension funds to the board, as described in Section 22C-120.

7 (40 ILCS 5/22C-113 new)

8 Sec. 22C-113. Illinois Municipal League. "Illinois
9 Municipal League" means the unincorporated, nonprofit,
10 nonpolitical association of Illinois cities, villages, and
11 incorporated towns described in Section 1-8-1 of the Illinois
12 Municipal Code.

13 (40 ILCS 5/22C-114 new)

14 Sec. 22C-114. Purpose, establishment, and governance. The
15 Fund is established to consolidate the transferor pension funds
16 to streamline investments and eliminate unnecessary and
17 redundant administrative costs, thereby ensuring more money is
18 available to fund pension benefits for the beneficiaries of the
19 transferor pension funds. The transition board trustees and
20 permanent board trustees of the Fund shall be fiduciaries for
21 the participants and beneficiaries of the participating
22 pension funds and shall discharge their duties with respect to
23 the retirement system or pension fund solely in the interest of
24 the participants and beneficiaries. Further, the transition

1 board trustees and permanent board trustees, acting prudently
2 and as fiduciaries, shall take all reasonable steps to ensure
3 that all of the transferor pension funds are treated equitably
4 and that the financial condition of one participating pension
5 fund, including, but not limited to, pension benefit funding
6 levels and ratios, will have no effect on the financial
7 condition of any other transferor pension fund.

8 (40 ILCS 5/22C-115 new)

9 Sec. 22C-115. Board of Trustees of the Fund.

10 (a) No later than one month after the effective date of
11 this amendatory Act of the 101st General Assembly or as soon
12 thereafter as may be practicable, the Governor shall appoint,
13 by and with the advice and consent of the Senate, a transition
14 board of trustees consisting of 9 members as follows:

15 (1) three members representing municipalities and fire
16 protection districts who are mayors, presidents, chief
17 executive officers, chief financial officers, or other
18 officers, executives, or department heads of
19 municipalities or fire protection districts and appointed
20 from among candidates recommended by the Illinois
21 Municipal League;

22 (2) three members representing participants who are
23 participants and appointed from among candidates
24 recommended by the statewide labor organization
25 representing firefighters employed by at least 85

1 municipalities that is affiliated with the Illinois State
2 Federation of Labor;

3 (3) one member representing beneficiaries who is a
4 beneficiary and appointed from among the candidate or
5 candidates recommended by the statewide labor organization
6 representing firefighters employed by at least 85
7 municipalities that is affiliated with the Illinois State
8 Federation of Labor; and

9 (4) one member recommended by the Illinois Municipal
10 League; and

11 (5) one member who is a participant recommended by the
12 statewide labor organization representing firefighters
13 employed by at least 85 municipalities and that is
14 affiliated with the Illinois State Federation of Labor.

15 The transition board members shall serve until the initial
16 permanent board members are elected and qualified.

17 The transition board of trustees shall select the
18 chairperson of the transition board of trustees from among the
19 trustees for the duration of the transition board's tenure.

20 (b) The permanent board of trustees shall consist of 9
21 members comprised as follows:

22 (1) Three members who are mayors, presidents, chief
23 executive officers, chief financial officers, or other
24 officers, executives, or department heads of
25 municipalities or fire protection districts that have
26 participating pension funds and are elected by the mayors

1 and presidents of municipalities or fire protection
2 districts that have participating pension funds.

3 (2) Three members who are participants of
4 participating pension funds and elected by the
5 participants of participating pension funds.

6 (3) One member who is a beneficiary of a participating
7 pension fund and is elected by the beneficiaries of
8 participating pension funds.

9 (4) One member recommended by the Illinois Municipal
10 League who shall be appointed by the Governor with the
11 advice and consent of the Senate.

12 (5) One member recommended by the statewide labor
13 organization representing firefighters employed by at
14 least 85 municipalities and that is affiliated with the
15 Illinois State Federation of Labor who shall be appointed
16 by the Governor with the advice and consent of the Senate.

17 The permanent board of trustees shall select the
18 chairperson of the permanent board of trustees from among the
19 trustees for a term of 2 years. The holder of the office of
20 chairperson shall alternate between a person elected or
21 appointed under item (1) or (4) of this subsection (b) and a
22 person elected or appointed under item (2), (3), or (5) of this
23 subsection (b).

24 (c) Each trustee shall qualify by taking an oath of office
25 before the Secretary of State stating that he or she will
26 diligently and honestly administer the affairs of the board and

1 will not violate or knowingly permit the violation of any
2 provision of this Article.

3 (d) Trustees shall receive no salary for service on the
4 board but shall be reimbursed for travel expenses incurred
5 while on business for the board according to the standards in
6 effect for members of the Commission on Government Forecasting
7 and Accountability.

8 A municipality or fire protection district employing a
9 firefighter who is an elected or appointed trustee of the board
10 must allow reasonable time off with compensation for the
11 firefighter to conduct official business related to his or her
12 position on the board, including time for travel. The board
13 shall notify the municipality or fire protection district in
14 advance of the dates, times, and locations of this official
15 business. The Fund shall timely reimburse the municipality or
16 fire protection district for the reasonable costs incurred that
17 are due to the firefighter's absence.

18 (e) No trustee shall have any interest in any brokerage
19 fee, commission, or other profit or gain arising out of any
20 investment directed by the board. This subsection does not
21 preclude ownership by any member of any minority interest in
22 any common stock or any corporate obligation in which an
23 investment is directed by the board.

24 (f) Notwithstanding any provision or interpretation of law
25 to the contrary, any member of the transition board may also be
26 elected or appointed as a member of the permanent board.

1 Notwithstanding any provision or interpretation of law to
2 the contrary, any trustee of a fund established under Article 4
3 of this Code may also be appointed as a member of the
4 transition board or elected or appointed as a member of the
5 permanent board.

6 The restriction in Section 3.1 of the Lobbyist Registration
7 Act shall not apply to a member of the transition board
8 appointed pursuant to items (4) or (5) of subsection (a) or to
9 a member of the permanent board appointed pursuant to items (4)
10 or (5) of subsection (b).

11 (40 ILCS 5/22C-116 new)

12 Sec. 22C-116. Conduct and administration of elections;
13 terms of office.

14 (a) For the election of the permanent trustees, the
15 transition board shall administer the initial elections and the
16 permanent board shall administer all subsequent elections.
17 Each board shall develop and implement such procedures as it
18 determines to be appropriate for the conduct of such elections.
19 For the purposes of obtaining information necessary to conduct
20 elections under this Section, participating pension funds
21 shall cooperate with the Fund.

22 (b) All nominations for election shall be by petition. Each
23 petition for a trustee shall be executed as follows:

24 (1) for trustees to be elected by the mayors and
25 presidents of municipalities or fire protection districts

1 that have participating pension funds, by at least 20 such
2 mayors and presidents; except that this item (1) shall
3 apply only with respect to participating pension funds;

4 (2) for trustees to be elected by participants, by at
5 least 400 participants; and

6 (3) for trustees to be elected by beneficiaries, by at
7 least 100 beneficiaries.

8 (c) A separate ballot shall be used for each class of
9 trustee. The board shall prepare and send ballots and ballot
10 envelopes to the participants and beneficiaries eligible to
11 vote in accordance with rules adopted by the board. The ballots
12 shall contain the names of all candidates in alphabetical
13 order. The ballot envelope shall have on the outside a form of
14 certificate stating that the person voting the ballot is a
15 participant or beneficiary entitled to vote.

16 Participants and beneficiaries, upon receipt of the
17 ballot, shall vote the ballot and place it in the ballot
18 envelope, seal the envelope, execute the certificate thereon,
19 and return the ballot to the Fund.

20 The board shall set a final date for ballot return, and
21 ballots received prior to that date in a ballot envelope with a
22 properly executed certificate and properly voted shall be valid
23 ballots.

24 The board shall set a day for counting the ballots and name
25 judges and clerks of election to conduct the count of ballots
26 and shall make any rules necessary for the conduct of the

1 count.

2 The candidate or candidates receiving the highest number of
3 votes for each class of trustee shall be elected. In the case
4 of a tie vote, the winner shall be determined in accordance
5 with procedures developed by the Department of Insurance.

6 In lieu of conducting elections via mail balloting as
7 described in this Section, the board may instead adopt rules to
8 provide for elections to be carried out solely via Internet
9 balloting or phone balloting. Nothing in this Section prohibits
10 the Fund from contracting with a third party to administer the
11 election in accordance with this Section.

12 (d) At any election, voting shall be as follows:

13 (1) Each person authorized to vote for an elected
14 trustee may cast one vote for each related position for
15 which such person is entitled to vote and may cast such
16 vote for any candidate or candidates on the ballot for such
17 trustee position.

18 (2) If only one candidate for each position is properly
19 nominated in petitions received, that candidate shall be
20 deemed the winner and no election under this Section shall
21 be required.

22 (3) The results shall be entered in the minutes of the
23 first meeting of the board following the tally of votes.

24 (e) The initial election for permanent trustees shall be
25 held and the permanent board shall be seated no later than 12
26 months after the effective date of this amendatory Act of the

1 101st General Assembly. Each subsequent election shall be held
2 no later than 30 days prior to the end of the term of the
3 incumbent trustees.

4 (f) The elected trustees shall each serve for terms of 4
5 years commencing on the first business day of the first month
6 after election; except that the terms of office of the
7 initially elected trustees shall be as follows:

8 (1) One trustee elected pursuant to item (1) of
9 subsection (b) of Section 22C-115 shall serve for a term of
10 2 years and 2 trustees elected pursuant to item (1) of
11 subsection (b) of Section 22C-115 shall serve for a term of
12 4 years;

13 (2) One trustee elected pursuant to item (2) of
14 subsection (b) of Section 22C-115 shall serve for a term of
15 2 years and 2 trustees elected pursuant to item (2) of
16 subsection (b) of Section 22C-115 shall serve for a term of
17 4 years; and

18 (3) The trustee elected pursuant to item (3) of
19 subsection (b) of Section 22C-115 shall serve for a term of
20 2 years.

21 (g) The trustees appointed pursuant to items (4) and (5) of
22 subsection (b) of Section 22C-115 shall each serve for a term
23 of 4 years commencing on the first business day of the first
24 month after the election of the elected trustees.

25 (h) A member of the board who was elected pursuant to item
26 (1) of subsection (b) of Section 22C-115 who ceases to serve as

1 a mayor, president, chief executive officer, chief financial
2 officer, or other officer, executive, or department head of a
3 municipality or fire protection district that has a
4 participating pension fund shall not be eligible to serve as a
5 member of the board and his or her position shall be deemed
6 vacant. A member of the board who was elected by the
7 participants of participating pension funds who ceases to be a
8 participant may serve the remainder of his or her elected term.

9 For a vacancy of an elected trustee occurring with an
10 unexpired term of 6 months or more, an election shall be
11 conducted for the vacancy in accordance with Section 22C-115
12 and this Section.

13 For a vacancy of an elected trustee occurring with an
14 unexpired term of less than 6 months, the vacancy shall be
15 filled by appointment by the board for the unexpired term as
16 follows: a vacancy of a member elected pursuant to item (1) of
17 subsection (b) of Section 22C-115 shall be filled by a mayor,
18 president, chief executive officer, chief financial officer,
19 or other officer, executive, or department head of a
20 municipality or fire protection district that has a
21 participating pension fund; a vacancy of a member elected
22 pursuant to item (2) of subsection (b) of Section 22C-115 shall
23 be filled by a participant of a participating pension fund; and
24 a vacancy of a member elected under item (3) of subsection (b)
25 of Section 22C-115 shall be filled by a beneficiary of a
26 participating pension fund.

1 Vacancies among the appointed trustees shall be filled for
2 unexpired terms by appointment in like manner as for the
3 original appointments.

4 (40 ILCS 5/22C-117 new)

5 Sec. 22C-117. Meetings of the board.

6 (a) The transition board and the permanent board shall each
7 meet at least quarterly and otherwise upon written request of
8 either the Chairperson or 3 other members. The Chairperson
9 shall preside over meetings of the board. The executive
10 director and personnel of the board shall prepare agendas and
11 materials and required postings for meetings of the board.

12 (b) Six members of the board shall constitute a quorum.

13 (c) All actions taken by the transition board and the
14 permanent board shall require a vote of least 5 trustees,
15 except that the following shall require a vote of at least 6
16 trustees: the adoption of actuarial assumptions; the selection
17 of the chief investment officer, fiduciary counsel, or a
18 consultant as defined under Section 1-101.5 of this Code; the
19 adoption of rules for the conduct of election of trustees; and
20 the adoption of asset allocation policies and investment
21 policies.

22 (40 ILCS 5/22C-118 new)

23 Sec. 22C-118. Operation and administration of the Fund.

24 (a) The operation and administration of the Fund shall be

1 managed by an executive director. No later than 2 months after
2 the transition board is appointed or as soon thereafter as may
3 be practicable, the transition board shall appoint an interim
4 executive director who shall serve until a permanent executive
5 director is appointed by the board, with such appointment to be
6 made no later than 6 months after the end of the transition
7 period. The executive director shall act subject to and under
8 the supervision of the board and the board shall fix the
9 compensation of the executive director.

10 (b) The board may appoint one or more custodians to
11 facilitate the transfer of pension fund assets during the
12 transition period, and subsequently to provide custodial and
13 related fiduciary services on behalf of the board, and enter
14 into contracts for such services. The board may also appoint
15 external legal counsel and an independent auditing firm and may
16 appoint investment advisors and other consultants as it
17 determines to be appropriate and enter into contracts for such
18 services. With approval of the board, the executive director
19 may retain such other consultants, advisors, fiduciaries, and
20 service providers as may be desirable and enter into contracts
21 for such services.

22 (c) The board shall separately calculate account balances
23 for each participating pension fund. The operations and
24 financial condition of each participating pension fund account
25 shall not affect the account balance of any other participating
26 pension fund. Further, investment returns earned by the Fund

1 shall be allocated and distributed pro rata among each
2 participating pension fund account in accordance with the value
3 of the pension fund assets attributable to each fund.

4 (d) With approval of the board, the executive director may
5 employ such personnel, professional or clerical, as may be
6 desirable and fix their compensation. The appointment and
7 compensation of the personnel, including the executive
8 director, shall not be subject to the Personnel Code.

9 (e) The board shall annually adopt a budget to support its
10 operations and administration. The board shall apply moneys
11 derived from the pension fund assets transferred and under its
12 control to pay the costs and expenses incurred in the operation
13 and administration of the Fund. The board shall from time to
14 time transfer moneys and other assets to the participating
15 pension funds as required for the participating pension funds
16 to pay expenses, benefits, and other required payments to
17 beneficiaries in the amounts and at the times prescribed in
18 this Code.

19 (f) The board may exercise any of the powers granted to
20 boards of trustees of pension funds under Sections 1-107 and
21 1-108 of this Code and may by resolution provide for the
22 indemnification of its members and any of its officers,
23 advisors, or employees in a manner consistent with those
24 Sections.

25 (g) An office for meetings of the board and for its
26 administrative personnel shall be established at any suitable

1 place within the State as may be selected by the board. All
2 books and records of the board shall be kept in such office.

3 (h) The board shall contract for a blanket fidelity bond in
4 the penal sum of not less than \$1,000,000 to cover members of
5 the board of trustees, the executive director, and all other
6 employees of the board, conditioned for the faithful
7 performance of the duties of their respective offices, the
8 premium on which shall be paid by the board.

9 (40 ILCS 5/22C-119 new)

10 Sec. 22C-119. Adoption of rules. The board shall adopt such
11 rules (not inconsistent with this Code) as in its judgment are
12 desirable to implement and properly administer this Article.
13 Such rules shall specifically provide for the following: (1)
14 the implementation of the transition process described in
15 Section 22C-120; (2) the process by which the participating
16 pension funds may request transfer of funds; (3) the process
17 for the transfer in, receipt for, and investment of pension
18 assets received by the Fund after the transition period from
19 the participating pension funds; (4) the process by which
20 contributions from municipalities and fire protection
21 districts for the benefit of the participating pension funds
22 may, but are not required to, be directly transferred to the
23 Fund; and (5) compensation and benefits for its employees. A
24 copy of the rules adopted by the Fund shall be filed with the
25 Secretary of State and the Department of Insurance. The

1 adoption and effectiveness of such rules shall not be subject
2 to Article 5 of the Illinois Administrative Procedure Act.

3 (40 ILCS 5/22C-120 new)

4 Sec. 22C-120. Transition period; transfer of securities,
5 assets, and investment functions.

6 (a) The transition period shall commence on the effective
7 date of this amendatory Act of the 101st General Assembly and
8 shall end as determined by the board, consistent with and in
9 the application of its fiduciary responsibilities, but in no
10 event later than 30 months thereafter.

11 (b) The board may retain the services of custodians,
12 investment consultants, and other professional services it
13 deems prudent to implement the transition of assets described
14 in this Section. The permanent board of trustees shall not be
15 bound by any contract or agreement regarding such custodians,
16 investment consultants, or other professional services entered
17 into by the transition board of trustees.

18 (c) As soon as practicable after the effective date of this
19 amendatory Act of the 101st General Assembly, the board, in
20 cooperation with the Department of Insurance, shall audit the
21 investment assets of each transferor pension fund to determine
22 a certified investment asset list for each transferor pension
23 fund. The audit shall be performed by a certified public
24 accountant engaged by the board, and the board shall be
25 responsible for payment of the costs and expenses associated

1 with the audit. Upon completion of the audit for any transferor
2 pension fund, the board and the Department of Insurance shall
3 provide the certified investment asset list to that transferor
4 pension fund. Upon determination of the certified investment
5 asset list for any transferor pension fund, the board shall,
6 within 10 business days or as soon thereafter as may be
7 practicable, as determined by the board, initiate the transfer
8 of assets from that transferor pension fund. Further and to
9 maintain accuracy of the certified investment asset list, upon
10 determination of the certified investment asset list for a
11 transferor pension fund, that fund shall not purchase or sell
12 any of its pension fund assets.

13 (d) When the Fund is prepared to receive pension fund
14 assets from any transferor pension fund, the executive director
15 shall notify in writing the board of trustees of that
16 transferor pension fund of the Fund's intent to assume
17 fiduciary control of those pension fund assets, and the date at
18 which it will assume such control and that the transferor
19 pension fund will cease to exercise fiduciary responsibility.
20 This letter shall be transmitted no less than 30 days prior to
21 the transfer date. A copy of the letter shall be transmitted to
22 the Department of Insurance. Upon receipt of the letter, the
23 transferor pension fund shall promptly notify its custodian, as
24 well as any and all entities with fiduciary control of any
25 portion of the pension assets. Each transferor pension fund
26 shall have sole fiduciary and statutory responsibility for the

1 management of its pension assets until the start of business on
2 the transfer date. At the start of business on the transfer
3 date, statutory and fiduciary responsibility for the
4 investment of pension fund assets shall shift exclusively to
5 the Fund and the Fund shall promptly and prudently transfer all
6 such pension fund assets to the board and terminate the
7 relationship with the local custodian of that transferor
8 pension fund. The Fund shall provide a receipt for the transfer
9 to the transferor pension fund within 30 days of the transfer
10 date.

11 As used in this subsection, "transfer date" means the date
12 at which the Fund will assume fiduciary control of the
13 transferor pension fund's assets and the transferor pension
14 fund will cease to exercise fiduciary responsibility.

15 (e) Within 90 days after the end of the transition period
16 or as soon thereafter as may be practicable as determined by
17 the board, the Fund and the Department of Insurance shall
18 cooperate in transferring to the Fund all pension fund assets
19 remaining in the custody of the transferor pension funds.

20 (f) The board shall adopt such rules as in its judgment are
21 desirable to implement the transition process, including,
22 without limitation, the transfer of the pension fund assets of
23 the transferor pension funds, the assumption of fiduciary
24 control of such assets by the Fund, and the termination of
25 relationships with local custodians. The adoption and
26 effectiveness of such rules and regulations shall not be

1 subject to Article 5 of the Illinois Administrative Procedure
2 Act.

3 (g) Within 6 months after the end of the transition period
4 or as soon thereafter as may be practicable as determined by
5 the board, the books, records, accounts, and securities of the
6 Fund shall be audited by a certified public accountant selected
7 by the board. This audit shall include, but not be limited to,
8 the following: (1) a full description of the investments
9 acquired, showing average costs; (2) a full description of the
10 securities sold or exchanged, showing average proceeds or other
11 conditions of an exchange; (3) gains or losses realized during
12 the period; (4) income from investments; and (5) administrative
13 expenses incurred by the board. This audit report shall be
14 published on the Fund's official website and filed with the
15 Department of Insurance.

16 (h) To provide funds for payment of the ordinary and
17 regular costs associated with the implementation of this
18 transition process, the Illinois Finance Authority is
19 authorized to loan to the Fund up to \$7,500,000 of any of the
20 Authority's funds, including, but not limited to, funds in its
21 Illinois Housing Partnership Program Fund, its Industrial
22 Project Insurance Fund, or its Illinois Venture Investment
23 Fund, for such purpose. Such loan shall be repaid by the Fund
24 with an interest rate tied to the Federal Funds Rate or an
25 equivalent market established variable rate. The Fund and the
26 Illinois Finance Authority shall enter into a loan or similar

1 agreement that specifies the period of the loan, the payment
2 interval, procedures for making periodic loans, the variable
3 rate methodology to which the interest rate for loans should be
4 tied, the funds of the Illinois Finance Authority that will be
5 used to provide the loan, and such other terms that the Fund
6 and the Illinois Finance Authority reasonably believe to be
7 mutually beneficial. Such agreement shall be a public record
8 and the Fund shall post the terms of the agreement on its
9 official website.

10 (40 ILCS 5/22C-121 new)

11 Sec. 22C-121. Management and direction of investments.

12 (a) The board shall have the authority to manage the
13 pension fund assets of the transferor pension funds for the
14 purpose of obtaining a total return on investments for the long
15 term.

16 (b) The authority of the board to manage pension fund
17 assets and the liability shall begin when there has been a
18 physical transfer of the pension fund assets to the Fund and
19 placed in the custody of the Fund's custodian or custodians, as
20 described in Section 22C-123.

21 (c) The pension fund assets of the Fund shall be maintained
22 in accounts held outside the State treasury. Moneys in those
23 accounts are not subject to administrative charges or
24 chargebacks, including, but not limited to, those authorized
25 under the State Finance Act.

1 (d) The board may not delegate its management functions,
2 but it may, but is not required to, arrange to compensate for
3 personalized investment advisory service for any or all
4 investments under its control with any national or state bank
5 or trust company authorized to do a trust business and
6 domiciled in Illinois, other financial institution organized
7 under the laws of Illinois, or an investment advisor who is
8 qualified under the federal Investment Advisers Act of 1940 and
9 is registered under the Illinois Securities Law of 1953.
10 Nothing contained in this Article prevents the board from
11 subscribing to general investment research services available
12 for purchase or use by others. The board shall also have the
13 authority to compensate for accounting services.

14 (e) This Section does not prohibit the board from directly
15 investing pension fund assets in public market investments,
16 private investments, real estate investments, or other
17 investments authorized by this Code.

18 (40 ILCS 5/22C-122 new)

19 Sec. 22C-122. Investment authority. The Fund shall have the
20 authority to invest funds, subject to the requirements and
21 restrictions set forth in Sections 1-109, 1-109.1, 1-109.2,
22 1-110, 1-111, 1-114, and 1-115 of this Code.

23 The Fund shall not be subject to any of the limitations
24 applicable to investments of pension fund assets by the
25 transferor pension funds under Sections 1-113.1 through

1 1-113.12 or Article 4 of this Code. The Fund shall not, for
2 purposes of Article 1 of this Code, be deemed to be a
3 retirement system, pension fund, or investment board whose
4 investments are restricted by Section 1-113.2 of this Code,
5 and, as a result, the Fund shall be subject to the provisions
6 of Section 1-109.1, including, but not limited to: utilization
7 of emerging investment managers; increasing racial, ethnic,
8 and gender diversity of its fiduciaries; utilization of
9 businesses owned by minorities, women, and persons with
10 disabilities; utilization of minority broker-dealers;
11 utilization of minority investment managers; and applicable
12 reporting requirements.

13 No bank or savings and loan association shall receive
14 investment funds as permitted by this Section, unless it has
15 complied with the requirements established pursuant to Section
16 6 of the Public Funds Investment Act. The limitations set forth
17 in Section 6 of the Public Funds Investment Act shall be
18 applicable only at the time of investment and shall not require
19 the liquidation of any investment at any time.

20 The Fund shall have the authority to enter into such
21 agreements and to execute such documents as it determines to be
22 necessary to complete any investment transaction.

23 All investments shall be clearly held and accounted for to
24 indicate ownership by the Fund. The Fund may direct the
25 registration of securities in its own name or in the name of a
26 nominee created for the express purpose of registration of

1 securities by a national or state bank or trust company
2 authorized to conduct a trust business in the State of
3 Illinois.

4 Investments shall be carried at cost or at a value
5 determined in accordance with generally accepted accounting
6 principles and accounting procedures approved by the Fund.

7 (40 ILCS 5/22C-123 new)

8 Sec. 22C-123. Custodian. The pension fund assets
9 transferred to or otherwise acquired by the Fund shall be
10 placed in the custody of a custodian who shall provide adequate
11 safe deposit facilities for those assets and hold all such
12 securities, funds, and other assets subject to the order of the
13 Fund.

14 Each custodian shall furnish a corporate surety bond of
15 such amount as the board designates, which bond shall indemnify
16 the Fund, the board, and the officers and employees of the Fund
17 against any loss that may result from any action or failure to
18 act by the custodian or any of the custodian's agents. All
19 charges incidental to the procuring and giving of any bond
20 shall be paid by the board and each bond shall be in the
21 custody of the board.

22 (40 ILCS 5/22C-124 new)

23 Sec. 22C-124. Accounting for pension fund assets. In the
24 management of the pension fund assets of the transferor pension

1 funds, the Fund:

2 (1) shall carry all pension fund assets at fair market
3 value determined in accordance with generally accepted
4 accounting principles and accounting procedures approved
5 by the board. Each investment initially transferred to the
6 Fund by a transferor pension fund shall be similarly
7 valued, except that the board may elect to place such value
8 on any investment conditionally in which case, the amount
9 of any later realization of such asset in cash that is in
10 excess of or is less than the amount so credited shall be
11 credited or charged to the account maintained for the
12 transferor pension fund that made the transfer;

13 (2) shall keep proper books of account that shall
14 reflect at all times the value of all investments held by
15 the Fund; and

16 (3) shall charge all distributions made by the Fund to
17 or for a transferor pension fund to the account maintained
18 for that fund.

19 (40 ILCS 5/22C-125 new)

20 Sec. 22C-125. Audits and reports.

21 (a) At least annually, the books, records, accounts, and
22 securities of the Fund shall be audited by a certified public
23 accountant selected by the board and conducted in accordance
24 with the rules and procedures promulgated by the Governmental
25 Accounting Standards Board. The audit opinion shall be

1 published as a part of the annual report of the Fund, which
2 shall be submitted to the transferor pension funds and to the
3 Department of Insurance.

4 (b) For the quarterly periods ending September 30, December
5 31, and March 31, the Fund shall submit to the participating
6 pension funds and to the Department of Insurance a report
7 providing, among other things, the following information:

8 (1) a full description of the investments acquired,
9 showing average costs;

10 (2) a full description of the securities sold or
11 exchanged, showing average proceeds or other conditions of
12 an exchange;

13 (3) gains or losses realized during the period;

14 (4) income from investments; and

15 (5) administrative expenses.

16 (c) An annual report shall be prepared by the Fund for
17 submission to the participating pension funds and to the
18 Department of Insurance within 6 months after the close of each
19 fiscal year. A fiscal year shall date from July 1 of one year
20 to June 30 of the year next following. This report shall
21 contain full information concerning the results of investment
22 operations of the Fund. This report shall include the
23 information described in subsection (b) and, in addition
24 thereto, the following information:

25 (1) a listing of the investments held by the Fund at
26 the end of the year, showing their book values and market

1 values and their income yields on market values;

2 (2) comments on the pertinent factors affecting such
3 investments;

4 (3) a review of the policies maintained by the Fund and
5 any changes that occurred during the year;

6 (4) a copy of the audited financial statements for the
7 year;

8 (5) recommendations for possible changes in this
9 Article or otherwise governing the operations of the Fund;
10 and

11 (6) a listing of the names of securities brokers and
12 dealers dealt with during the year showing the total amount
13 of commissions received by each on transactions with the
14 Fund.

15 Section 15. The Local Government Officer Compensation Act
16 is amended by changing Section 25 as follows:

17 (50 ILCS 145/25)

18 Sec. 25. Elected official salary.

19 (a) Notwithstanding the provision of any other law to the
20 contrary, an elected officer of a unit of local government that
21 is a participating employer under the Illinois Municipal
22 Retirement Fund shall not receive any salary or other
23 compensation from the unit of local government if the member is
24 receiving pension benefits from the Illinois Municipal

1 Retirement Fund under Article 7 of the Illinois Pension Code
2 for the elected official's service in that same elected
3 position. If an elected officer is receiving benefits from the
4 Illinois Municipal Retirement Fund on August 23, 2019 (the
5 effective date of Public Act 101-544) ~~this amendatory Act of~~
6 ~~the 101st General Assembly~~, the elected official's salary and
7 compensation shall be reduced to zero at the beginning of the
8 member's next term if the member is still receiving such
9 pension benefits.

10 (b) This Section does not apply to a unit of local
11 government that has adopted an ordinance or resolution
12 effective prior to January 1, 2019 that: (i) reduces the
13 compensation of an elected official of the unit of local
14 government who is receiving pension benefits from the Illinois
15 Municipal Retirement Fund under Article 7 of the Illinois
16 Pension Code for his or her service as an elected official in
17 the same elected position of that unit of local government; and
18 (ii) changes the official's position to part-time.

19 (Source: P.A. 101-544, eff. 8-23-19.)

20 Section 20. The Illinois Vehicle Code is amended by
21 changing Section 2-115 as follows:

22 (625 ILCS 5/2-115) (from Ch. 95 1/2, par. 2-115)

23 Sec. 2-115. Investigators.

24 (a) The Secretary of State, for the purpose of more

1 effectively carrying out the provisions of the laws in relation
2 to motor vehicles, shall have power to appoint such number of
3 investigators as he may deem necessary. It shall be the duty of
4 such investigators to investigate and enforce violations of the
5 provisions of this Act administered by the Secretary of State
6 and provisions of Chapters 11, 12, 13, 14, and 15 and to
7 investigate and report any violation by any person who operates
8 as a motor carrier of property as defined in Section 18-100 of
9 this Act and does not hold a valid certificate or permit. Such
10 investigators shall have and may exercise throughout the State
11 all of the powers of peace officers.

12 No person may be retained in service as an investigator
13 under this Section after he or she has reached 60 years of age,
14 except for a person employed in the title of Capitol Police
15 Investigator ~~and who began employment on or after January 1,~~
16 ~~2011~~, in which case, that person may not be retained in service
17 after that person has reached 65 years of age.

18 The Secretary of State must authorize to each investigator
19 employed under this Section and to any other employee of the
20 Office of the Secretary of State exercising the powers of a
21 peace officer a distinct badge that, on its face, (i) clearly
22 states that the badge is authorized by the Office of the
23 Secretary of State and (ii) contains a unique identifying
24 number. No other badge shall be authorized by the Office of the
25 Secretary of State.

26 (b) The Secretary may expend such sums as he deems

1 necessary from Contractual Services appropriations for the
2 Department of Police for the purchase of evidence, for the
3 employment of persons to obtain evidence, and for the payment
4 for any goods or services related to obtaining evidence. Such
5 sums shall be advanced to investigators authorized by the
6 Secretary to expend funds, on vouchers signed by the Secretary.
7 In addition, the Secretary of State is authorized to maintain
8 one or more commercial checking accounts with any State banking
9 corporation or corporations organized under or subject to the
10 Illinois Banking Act for the deposit and withdrawal of moneys
11 to be used solely for the purchase of evidence and for the
12 employment of persons to obtain evidence, or for the payment
13 for any goods or services related to obtaining evidence;
14 provided that no check may be written on nor any withdrawal
15 made from any such account except on the written signatures of
16 2 persons designated by the Secretary to write such checks and
17 make such withdrawals, and provided further that the balance of
18 moneys on deposit in any such account shall not exceed \$5,000
19 at any time, nor shall any one check written on or single
20 withdrawal made from any such account exceed \$5,000.

21 All fines or moneys collected or received by the Department
22 of Police under any State or federal forfeiture statute;
23 including, but not limited to moneys forfeited under Section 12
24 of the Cannabis Control Act, moneys forfeited under Section 85
25 of the Methamphetamine Control and Community Protection Act,
26 and moneys distributed under Section 413 of the Illinois

1 Controlled Substances Act, shall be deposited into the
2 Secretary of State Evidence Fund.

3 In all convictions for offenses in violation of this Act,
4 the Court may order restitution to the Secretary of any or all
5 sums expended for the purchase of evidence, for the employment
6 of persons to obtain evidence, and for the payment for any
7 goods or services related to obtaining evidence. All such
8 restitution received by the Secretary shall be deposited into
9 the Secretary of State Evidence Fund. Moneys deposited into the
10 fund shall, subject to appropriation, be used by the Secretary
11 of State for the purposes provided for under the provisions of
12 this Section.

13 (Source: P.A. 99-896, eff. 1-1-17; 100-201, eff. 8-18-17.)

14 Section 90. The State Mandates Act is amended by adding
15 Section 8.43 as follows:

16 (30 ILCS 805/8.43)

17 (Text of Section before amendment by P.A. 101-50 and
18 101-504)

19 Sec. 8.43. Exempt mandate. Notwithstanding Sections 6 and 8
20 of this Act, no reimbursement by the State is required for the
21 implementation of any mandate created by Public Act 101-11,
22 101-49, 101-275, 101-320, 101-377, 101-387, 101-474, 101-492,
23 101-502, 101-522, or this amendatory Act of the 101st General
24 Assembly ~~this amendatory Act of the 101st General Assembly.~~

1 (Source: P.A. 101-11, eff. 6-7-19; 101-49, eff. 7-12-19;
2 101-275, eff. 8-9-19; 101-320, eff. 8-9-19; 101-377, eff.
3 8-16-19; 101-387, eff. 8-16-19; 101-474, eff. 8-23-19;
4 101-492, eff. 8-23-19; 101-502, eff. 8-23-19; 101-522, eff.
5 8-23-19; revised 10-21-19.)

6 (Text of Section after amendment by P.A. 101-50 and
7 101-504)

8 Sec. 8.43. Exempt mandate.

9 (a) Notwithstanding Sections 6 and 8 of this Act, no
10 reimbursement by the State is required for the implementation
11 of any mandate created by Public Act 101-11, 101-49, 101-275,
12 101-320, 101-377, 101-387, 101-474, 101-492, 101-502, 101-504,
13 101-522, or this amendatory Act of the 101st General Assembly
14 ~~this amendatory Act of the 101st General Assembly.~~

15 (b) Notwithstanding Sections 6 and 8 of this Act, no
16 reimbursement by the State is required for the implementation
17 of any mandate created by the Seizure Smart School Act.

18 (Source: P.A. 101-11, eff. 6-7-19; 101-49, eff. 7-12-19;
19 101-50, eff. 7-1-20; 101-275, eff. 8-9-19; 101-320, eff.
20 8-9-19; 101-377, eff. 8-16-19; 101-387, eff. 8-16-19; 101-474,
21 eff. 8-23-19; 101-492, eff. 8-23-19; 101-502, eff. 8-23-19;
22 101-504, eff. 7-1-20; 101-522, eff. 8-23-19; revised
23 10-21-19.)

24 Section 95. No acceleration or delay. Where this Act makes

1 changes in a statute that is represented in this Act by text
2 that is not yet or no longer in effect (for example, a Section
3 represented by multiple versions), the use of that text does
4 not accelerate or delay the taking effect of (i) the changes
5 made by this Act or (ii) provisions derived from any other
6 Public Act.

7 Section 99. Effective date. This Act takes effect January
8 1, 2020.